

SKI MARKET STUDY



ECONOMIC & REGIONAL DEVELOPMENT AGREEMENT

Canada



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SKI MARKET STUDY

prepared for
The Government of Canada
(Department of Regional Industrial Expansion)

and

The Province of British Columbia
(Ministry of Tourism, Recreation and Culture)
(Ministry of Economic Development)

by

JOHN GOW CONSULTANTS LTD
1000 Terrace Avenue
Victoria BC

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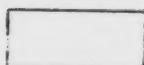
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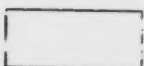
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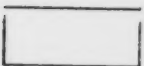
The Canada-British Columbia Tourist Industry Development Subsidiary Agreement is one in a series of subsidiary agreements under the Economic and Regional Development Agreement (ERDA) signed in November 1984, between the governments of Canada and British Columbia.



Government of Canada
Department of Regional Industrial Expansion



British Columbia
Ministry of Economic Development



British Columbia
Ministry of Tourism, Recreation & Culture

For additional copies of this publication and/or further information about the Canada-British Columbia Tourist Industry Development Subsidiary Agreement, contact:

B.C. Ministry of Tourism, Recreation and Culture
1117 Wharf Street
Victoria BC
V8W 2Z2

(604) 387-1311

or

B.C. Ministry of Economic Development
3rd Floor, 1405 Douglas Street
Victoria BC
V8W 3C1

(604) 387-0224

or

Department of Regional Industrial Expansion
1101 - 1055 Dunsmuir Street
Vancouver BC
V7X 1K8

(604) 666-2255 or Toll-free at 1-800-663-0433

The period from the early 1970's to the present has witnessed major growth in British Columbia's ski industry. It has seen the development of Whistler to a truly world-class destination, and the advent of several fine regional destinations in the interior of the province.

This growth has provided most British Columbians with unparalleled winter recreation facilities virtually at their doorsteps, and major opportunities for provincial and local economies to gain from winter tourism.

In recent years, tourism has grown from third to second place in the provincial economy. It is now recognized in almost every community in the province, from the largest to the smallest, as a solid base for the generation of jobs and wealth. Regions with winter potential in British Columbia, have turned to downhill skiing as the only plausible way to build their tourism activity into a year-round business.

The development of downhill ski resorts has not been without its problems. Tied very closely to the development and sale of recreational real estate, activity came to an abrupt halt in the Spring of 1982. Changes in federal tax laws, combined with a sharp reversal in real estate values, especially in the recreational sector, resulted in an industry which was both over-supplied and under-utilized. The recession, sharply felt in Western Canada, had a negative effect on consumer spending, notably in non-essentials, such as recreation.

The aftermath, from 1982-1986, saw the ski industry receive a sharp message of reality. Several regional facilities were forced into receivership, while a further number of small facilities completely ceased to operate. Whistler was not

immune, with some major projects forced to halt development, and the mountain resorts themselves falling far short of projected demand.

The realities of the marketplace came to haunt the industry. Too much capacity was available, with too few consumers wishing to use it. While the marketing plans of individual resorts may have made good sense, cumulatively they resulted in resorts attempting to "pick each other's pockets" in a fight for market share.

The resorts of the B C Rockies, heavily dependant upon Alberta, watched the economy of their principal market nosedive. While the economic reversals of the Lower Mainland were not as dramatic as Alberta's, they were nonetheless substantial. That market simply could not provide enough skiers for the Okanagan and Coastal ski resorts competing for them.

Without doubt, the industry requires a longterm, realistic strategy to broaden its markets. That would reduce over-competition for limited markets and could substantially increase attendance and utilization rates.

1987 has found the ski industry moving in a positive, renewed direction. Highlighted by the announcements of massive redevelopments of Blackcomb Mountain, and the new CP Hotel **Chateau Whistler**, very positive steps are being taken across the province. While a few regional resorts remain in difficult positions, most, through either hard work and/or financial reorganization, have found themselves on firmer ground.

The challenge now is to translate this optimism, with our quality products, through to market development and growth.

On March 25, 1987, this consultant entered into a contract with the Government of Canada, represented by the Department of Regional Industrial Expansion and the Province of British Columbia, represented by the Ministry of Tourism, Recreation and Culture, to review the industry's existing market situation, its competitive relationship with other Pacific Northwest resorts, and to make recommendations on future market development.

II.

STUDY GOALS AND METHODOLOGY

Competitive resorts were reviewed both to assess British Columbia's existing position, and to assess the direction of future development, as it may impact our markets.

Major existing and potential market places were reviewed in order to better understand:

- i. British Columbia's existing position in those areas.
- ii. British Columbia's potential in each market, on a regional and/or resort specific basis.
- iii. Those factors which can reasonably be expected to impact or change i. and ii. above.
- iv. What approaches can be taken in those markets to enhance British Columbia's appeal and marketability.

The nature of British Columbia's winter resort industry quickly makes it clear that any understanding of the province's competitive and market positions would be delineated as "Whistler" and the "Regional Resorts." In most cases, their strengths, problems, appeal and solution are of distinct nature.

The consultants, during the Spring of 1987, visited eighteen Pacific Northwest ski resorts, studied the facilities and operations, and interviewed management, employees and customers.

It is recognized that no-one can expect to be an authority on any particular resort with such an overview. However, with the excellent co-operation generally received, a clear picture of our competition emerged.

Following this resort research phase, fact finding trips were conducted to Seattle, Spokane, Portland, San Francisco and Los Angeles. In these markets, key players in ski travel were interviewed, and their knowledge and views are reflected in this report.

In this report, a number of issues are approached from different directions, creating an aspect of repetition. The author appreciates the reader's patience, as the points are generally salient in each section.

III.

SUMMARY OF RECOMMENDATIONS

British Columbia's ski industry has the natural attributes, the facilities and access to increase greatly its inbound winter tourism. Recommendations to further this aim are included in each section of the report. Listed below are those of principal importance.

1. The Greater Seattle area and Eastern Washington State should be considered as British Columbia's prime U.S. development market for ski related tourism. Benefits would accrue to all resort regions. Strategy for this market could include:

- i. Developing greater mid-week business at Whistler by promoting new facilities that will overcome perceived shortcomings.
- ii. Promoting the geography and access of B.C.'s regions in order to overcome the lack of specific consumer knowledge. The Coquihalla Highway may be as important as the destinations it serves.
- iii. Conducting meaningful market research in Washington State to measure, on an ongoing basis, the perceptions of consumers toward B.C. resorts.

2. The devaluation of the Canadian dollar in relation to major European currencies has created significant new opportunities for British Columbia resorts in Ontario and Quebec.

Key tour operators in those markets report significant increase in consumer demand for British Columbia products as they now represent far better value than the competition. This is in no small part due to the availability of drastically discounted air seats on Wardair.

Opportunities in these markets warrant substantial effort by both industry and government.

3. The travel industry is the key to developing new, non 'drive time' markets. The ski industry, in concert with the Federal and Provincial Governments, should initiate a program of awareness and support. Key elements would consider:

- i. Promotion of distant markets should focus on those that offer convenient air access, as well as the necessary travel industry support.
- ii. Marketing activities should concentrate on providing support to existing programs, or operators with proven track records.
- iii. Familiarization tours for travel trade and ski media should be increased, involving all applicable regions and resorts.

4. In order to appeal to greater markets, British Columbia's resorts must continue to develop individual product elements. This will enhance their benefits to consumers, creating specialized identification. This 'niching' will assist mid-size resorts to gain footholds in new markets and to withstand increasing competitive pressure.

5. The Federal and Provincial Governments should consider sponsorship of a two-day, British Columbia Ski Industry Conference, involving key persons in the ski, travel and airline industries. This type of conference would be instrumental in establishing a long-term strategy supported by all elements.

The goals of a new, long-term British Columbia ski tourism strategy should include:

- i. A plan to increase Washington State consumer awareness and acceptance of the British Columbia ski product.

- ii. A program to generate greater travel trade awareness and support of B.C. resorts, as well as better understanding by resorts of the needs of the travel trade.
- iii. Closer ties between resort operators in the province and major air carriers serving our airports.
- iv. Enhanced community involvement in winter tourism where applicable.
- v. Better linkage between alpine and cross-country skiing in promotion, where applicable.

6. The effectiveness for winter tourism of Consular and Tourism field offices could be greatly enhanced by increased industry involvement. This could include comprehensive information, staff orientation, and closer communications.

7. British Columbia's regional resorts should, where possible, work to increase the involvement of surrounding communities in winter tourism. Key elements would involve 'downtown revitalization,' employer-employee training, and joint marketing.

8. Market development programs should recognize a long-term commitment from both public and private sectors, overcoming an image of inconsistency.

9. The ski industry and Provincial Government should work together to provide a better statistical base of information, to accurately track province-wide success in developing new markets.

10. The "Partners in Tourism" program now in place is the most effective instrument of cooperation tourism marketing by the private and public sectors. The program should continue to be refined to produce maximum results for both government and industry.

IV.

BRITISH COLUMBIA'S COMPETITION COMPETITIVE REVIEW

British Columbia's ski industry, on both a regional and international basis, faces formidable competition. By and large, this competition is good, aggressive and hungry. Any long-range marketing plan that is done without a clear understanding of the competition, where it is going, and how it can respond to your initiatives, will likely not succeed.

For purposes of this report, we have defined British Columbia's immediate competition as:

- i. Pacific Northwest, USA
- ii. Alberta
- iii. Utah
- iv. Colorado
- v. California

Because substantial competition for Regional BC resorts comes from within the Province, Alberta, and the Pacific Northwest US, the review focus of the study centered on the latter two regions. While not every ski area in those regions is considered in this report, those which have a substantive competitive impact on BC resorts were studied. They include:

Pacific Northwest Resorts

- i. Mt. Spokane
- ii. 49⁰ North
- iii. Schweitzer Basin
- iv. The Big Mountain
- v. Big Sky of Montana
- vi. Jackson Hole
- vii. Grand Targhee
- viii. Sun Valley
- ix. Bogus Basin
- x. Mt. Bachelor
- xi. Mt. Hood Meadows
- xii. Timberline Lodge and Ski Area
- xiii. Crystal Mountain
- xiv. Snoqualmie - Alpental - Ski Acres

- d. Alberta Ski Resorts
 - i. Banff - Lake Louise
 - ii. Sunshine Village
 - iii. Nakiska
 - iv. Marmot Basin

A summary overview of each competitive resort studied is included in this report as Appendix "A".

The following table highlights features of each resort:

Resort Name	Category	Capacity	Attendance 000's p.a.	Vertical Drop	Lifts	Accommodation on-mountain	Accommodation region	Population 000's 1 hr	Population 000's 6 hrs	Ticket Price US \$	Snow - Weather	Access	Competition to B.C.
Mt Spokane	Local	3000	70	1514	5 Dbl 2 Rope	No	Not Used	350	1300	\$15	Pos	Pos	No
490 North	Local	2000	70	1850	4 Dbl	No	500	30	1200	\$18	Pos	Pos	Some
Schweitzer	Reg Dest	4000	130	2000	7 Dbl 1 Tpl	350	2000	30	1300	\$19	Pos	Pos	Yes
Big Mountain	Reg Dest	5000	235	2170	4 Tpl 2 Dbl 1 T	1500	4000+	50	2000	\$18	Pos	Pos	Yes
Big Sky	Reg Dest	3000	130	2800	2 Gond 1 Tpl 3 Dbl	1500	Ltd	30	400	\$22	Pos	Neg	Min
Jackson Hole	Dest	3000	207	4139	1 Tram 1 Tpl 3 Dbl	2600	4000+ Ltd Use	10	300	\$26 plus Tram	Pos	Neg	Min
Grand Targhee	Reg Dest	1700	80	2200	3 Dbl	400	Ltd	10	300	\$19	Pos	Neg	Min
Sun Valley	Dest	10000	300- 400	3400	8 Tpl 8 Dbl	Ltd	8000	20	500	\$27	Neg	Neg	Yes

Resort Name	Category	Capacity	Attendance 000's p.a.	Vertical Drop	Lifts	Accommodation on-mountain	Accommodation region	Population 000's 1 hr	Population 000's 6 hrs	Ticket Price US \$	Snow - Weather	Access	Competition to B.C.
Bogus Basin	Local	3500	100- 200	1800	6 Db1 4 Rope	300	Not Used	200	400	\$18.50	Gen Pos	Pos	No
Mt Bachelor	Reg Dest	14000	620	3100	2 Expr 4 Db1 4 Tpl	No	5000+	400	13000	\$21	Pos	Pos	Yes
Mt Hood Meadows	Local	6000	400	1775	1 Tpl 7 Db1	No	No	1500	N.A.	\$20	Pos	Pos	No
Timberline	Local	2000	150- 200	2500	5 Db1	150	No	1500	N.A.	\$16	Pos	Pos	No
Crystal Mountain	Local	7000	350	2400	3 Tpl 6 Db1	500	No	3000 3 hr	6000 6 hr	\$20	Gen Pos	Pos	Yes
Alpental Ski Acres Snoqualmie	Local	15000		2000	3 Tpl 16 Db1	No	No	2500	N.A.	\$15	Vari- able	Pos	No

Resort Name	Category	Capacity	Attendance 000's p.a.	Vertical Drop	Lifts	Accommodation on-mountain	Accommodation region	Population 000's 1 hr	Population 000's 6 hrs	Ticket Price US \$	Snow - Weather	Access	Competition to B.C.
Banff Lake Louise	Dest	12000	830	3500	1 Gond 3 Tpl 11 Dbl 8 Tow	180	12000	600 2 hr	1200	\$26 Cdn	Pos	Pos	Yes
Nakiska	Local	3000	80	3000	1 Exp 2 Tpl	No	600 1987- 88	600	1200	\$18 Cdn	Neg	Pos	Ltd
Marmot Basin	Reg Dest	3000	150	2300	1 Tpl 3 Dbl 2 T	No	1500	20	75	\$22 Cdn	Gen Pos	Neg	Ltd

The Pacific Northwest and Alberta resorts that represent substantial competition to British Columbia are:

1. The Big Mountain	Whitefish, Montana
2. Schweitzer Basin	Sandpoint, Idaho
3. 49 ⁰ North	Chewelah, Washington
4. Banff-Lake Louise	Alberta
5. Nakiska (possible)	Alberta
6. Sun Valley	Idaho
7. Mt Bachelor	Bend, Oregon
8. Crystal Mountain	Washington

The following matrix summarizes the competitive relationships between the above resorts and the regions of British Columbia.

COMPETITIVE SUMMARY MATRIX

12.

	Banff Lake Louise	Nakiska	Big Mountain	Schweitzer Basin	49° North	Sun Valley	Mt Bachelor	Crystal Mountain
B.C. ROCKIES	***	**	***	**	*	*	0	0
KOOTENAYS	**	*	***	***	**	*	*	0
OKANAGAN	***	*	***	*	0	*	**	*
WHISTLER	***	0	*	0	0	***	***	***
VANCOUVER ISLAND	0	0	0	0	0	0	*	*

Legend:

*** Major
 ** Medium
 * Low
 0 Minimum

COMPETITIVE RESORT MARKETS

13.

<u>Resort</u>	<u>Markets</u>
	A) Principal Markets B) Secondary Markets
Mt Spokane	A) Greater Spokane
49° North	A) Greater Spokane B) Eastern Washington
Schweitzer Basin	A) Greater Spokane B) Eastern Washington Alberta Seattle
The Big Mountain	A) Alberta Washington State B) Saskatchewan - Manitoba Great Plains - USA
Big Sky	A) Great Plains - USA B) Manitoba - Saskatchewan Alberta General destination tourism
Jackson Hole	A) Broad Base destination tourism
Grand Targhee	A) Southern Idaho B) General destination tourism
Sun Valley	A) California Oregon Washington Broad Base destination tourism B) Southern Idaho
Bogus Basin	A) Boise
Mt Bachelor	A) Western Oregon Washington Northern California
Mt Hood Meadows	A) Portland
Timberline Ski Area	A) Portland
Crystal Mountain	A) Greater Seattle
Snoqualmie-Alpental	A) Greater Seattle

V.

ORIGINS OF BRITISH COLUMBIA SKIERS

The best information available on the origins of downhill skiers in British Columbia is from the **B.C. Skier Survey**. This study, published every second year, is a joint project of the Province (Ministry of Economic Development) and the Canada West Ski Areas Association.

Studies were available for the years 1982-83, 1983-84, and 1985-86. They represent a major effort on behalf of the Province and the private sector to prepare a data base on many aspects of consumer patterns.

ORIGINS OF B.C. SKIERS

Place of Origin	1982-83	1983-84	1985-86
*			
British Columbia	73.5	67.1	69.8
Alberta	10.9	19.5	15.2
Other Canadian	7.1	7.1	8.5
Washington	3.0	3.3	2.8
Other U.S.A.	2.1	1.7	1.6
Australia/New Zealand		.7	1.0
Japan		.1	.1
Other	3.4	1.5	1.0
	100.0	100.0	100.0
* Source: Ministry of Economic Development			

The information on skier origins best shows the relative importance of various markets. The obvious importance and dominance of our own province is highlighted, as is the success enjoyed in Alberta.

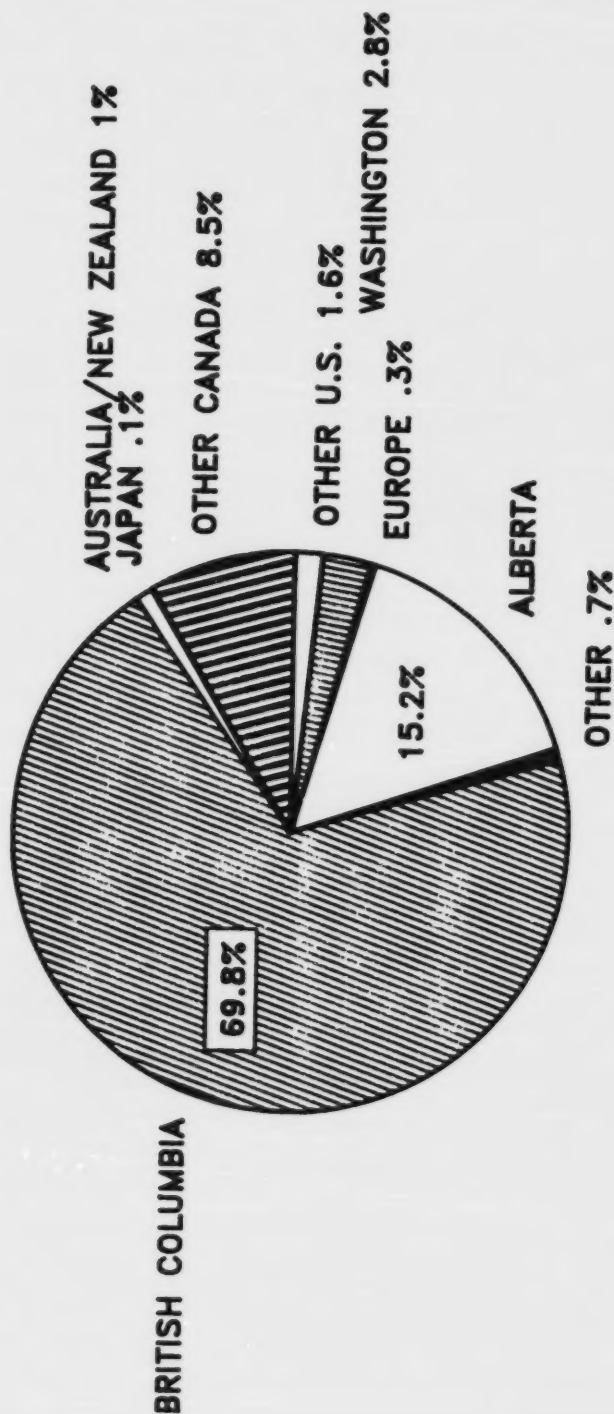
Most interesting is our relative showing in the State of Washington. It contains almost twice Alberta's population, its access to B.C. is similar, and its own industry is not highly developed, yet it represents only 20% of Alberta's total. On a per capita basis our success in Washington is only 10% of that in the Alberta market.

Without criticizing the existing studies, it may well be opportune for the industry and Province to refine where possible the point of origin aspect of the studies. This could involve the accommodation and transportation sectors as well.

ORIGINS OF DOWNHILL SKIERS

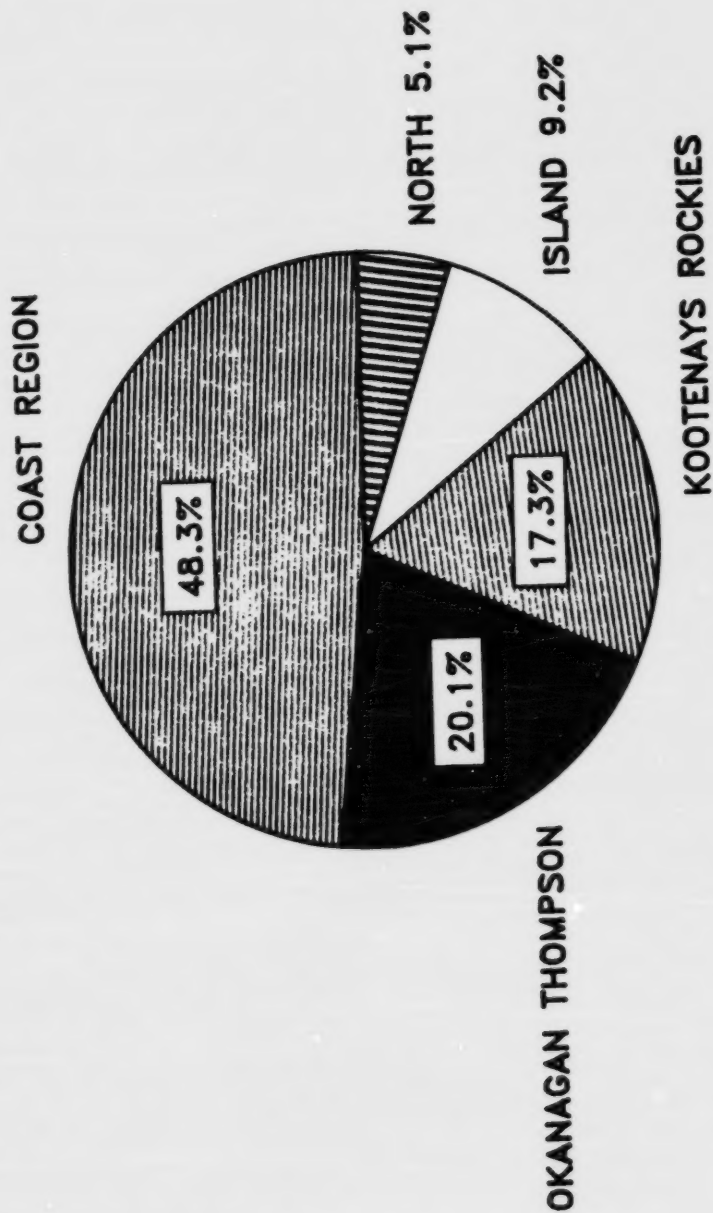
B.C. SKIER SURVEY

1985/86



Ministry of Economic Development

DESTINATION OF DOWNHILL SKIERS B.C. SKIER SURVEY 1985/86



VI.

MAJOR MARKET POTENTIAL

SPOKANE - EASTERN WASHINGTON AREAS

POPULATION: 1,000,000

Market Overview: In character and economic activity, Eastern Washington has great similarity to much of interior British Columbia. The economy, based on forestry, mining, agriculture and tourism, is subject to cyclical patterns. The principal center, Spokane, enjoys greater diversity.

As in British Columbia, the overall regional economy is still recovering slowly from the recession of 1983. There is, however, considerable discretionary spending available to a population attuned to outdoors activity, and not reluctant to travel some distance for perceived advantages.

Spokane, the commercial centre of eastern Washington, has a population in excess of 350,000. The region has enjoyed steady growth during the past two decades, a trend which continues. The greatest gain has occurred in the 25 - 40-year old group, a prime target market for ski tourism.

Spokane's economy has historically been centered on distribution and services to the eastern half of the state. This has been broadened considerably with the addition of such major employers as Kaiser Aluminum (smelting), Key Tronic Corp (electronics), Hewlett-Packard (electronics), and Cowles Publishing Corp. As well, nearby Fairchild Air Force Base employs over 5,000. Health care and education are major Spokane employers.

ACCESS TO BRITISH COLUMBIA

Spokane is located on Interstate Highway I-90, the principal east-west artery in the State. Regional north-south highways accessing British Columbia are Highways 97, 21 and 395. The city is served by Amtrack, on the Seattle-Chicago route.

The primary regional airport is Spokane International, with direct flights to Vancouver, Calgary, Seattle, Salt Lake City, Denver, San Francisco and Los Angeles.

BRITISH COLUMBIA'S EXISTING PROFILE

Since the late 1800s, there have been strong economic and cultural links between Spokane and south-central and south-east British Columbia (Kootenays and BC Rockies). In fact, until British Columbia highways were extensively developed in the 1960s, Spokane served as a major commercial centre for those British Columbia regions.

Product recognition of British Columbia resorts in this market area is good. North-south commercial links have been extended to include recreational activities. The Kootenay resorts of Red Mountain and Whitewater are regarded by Spokane skiers as "local areas."

SKIER ACTIVITY

Skiers in eastern Washington are by and large individualistic, non 'group oriented' travellers. Recreational travel is usually pursued with family or friends as opposed to affinity groups. Travel planning tends to be the result of either personal

experience or word of mouth. There is little reliance upon package holidays, or the retail travel industry. Skiers in this market do appear willing to experiment, and are thus susceptible to resort promotions such as promotions, media advertising, brochures, etc.

Notwithstanding the above, there are opportunities to promote group travel in eastern Washington. These will centre around educational, religious, community and corporate associations, rather than special purpose ski groups.

MARKET COMPETITION

The ski resort industry of central and eastern Washington State is not highly developed. Resorts of significant interest to this study are Mission Ridge (Central), and Mt Spokane and 49° North (eastern). These are primarily day facilities, with no appreciable resort component.

Schweitzer Basin, located one and a half hours from Spokane at Sandpoint, Idaho, provides the most significant competition for both day and weekend ski traffic from eastern Washington.

The Big Mountain, in northwest Montana, is a formidable competitor for weekend and vacation skiers from eastern Washington, a market actively pursued also by Sun Valley, Idaho, and the resorts of Utah and Colorado.

Skiers in this region regard Sun Valley favourably, as a major, high-quality resort. Access is primarily by automobile, a drive of approximately six hours. Airline access is available on Horizon Air (Alaska) with a change of aircraft likely in Boise. Although not as readily accessible to Spokane and district as a number of British Columbia resorts, Sun Valley is a strong magnet.

Consumers willing to consider airline packages have direct flights available to Salt Lake City, Utah, and Denver, Colorado. Access to those gateway cities is convenient, but relatively expensive. Due to a lack of competition on those routes, discounting is minimal.

The lack of discount air seats works to the disadvantage of resorts in the Spokane area (49⁰ North, Schweitzer) who wish to promote inbound skier traffic. Fares to Spokane are generally not competitive with those between other major centres, where competition is more intense.

Closer to Spokane, one can expect both Schweitzer Basin and The Big Mountain to become increasingly competitive over the next five years. Both have master plans that will strengthen their appeal.

It is unlikely that either Mt Spokane or 49⁰ North will change materially in the short term. While both provide competitive products for the day skier, development of either into viable regional destinations is improbable.

Speculation continues regarding the proposed development of a major new resort near Winthrop, in north-central Washington. "Early Winters" was originally proposed by the Aspen Ski Corporation (pre-Blackcomb), who lost interest in the face of environmental resistance and market reality.

A Seattle based group, "Methow Valley Recreation Inc" continues to promote the idea. Although the mountain offers fine terrain with excellent snowfall and weather, its market position is poor to the extreme.

Its location, five hours from Seattle, with no local population base, would likely doom the project from the outset. There are enough parallel situations in Western North America to discourage most prudent investors.

A decentralized population, combined with a lack of available sites, has discouraged the development of ski resorts in eastern Washington. Skiers are thus willing to travel to obtain a variety of ski experiences.

In summary, it is unlikely that the competitive situation in eastern Washington will change materially in the foreseeable future.

BRITISH COLUMBIA'S EXISTING MARKETING ACTIVITIES

Red Mountain, with its good access to this market, has historically been the most active and successful Canadian resort. They have been joined in recent years by Whitewater in an appealing regional campaign. Only two and one half hours from Spokane on good highway, they are regarded as 'local areas.' Their position is bolstered by favourable exchange rates, foreign flavour, and soft local competition.

Red Mountain and Whitewater regard eastern Washington as primary markets, and are committed to maintaining their position there.

Marketing efforts by Okanagan resorts have been continuous, although varying in intensity. In the early 1980s, Apex Alpine was most active in the region. At present, they, along with other Okanagan resorts, tend to be in a 'maintenance mode' with limited activity.

The B C Rockies, led by Panorama, have been active in eastern Washington. Competitive drive times with The Big Mountain create an excellent opportunity for them in this market, with vacations of three or more days, possibly at more than one resort, having strong appeal.

Whistler has not been active in Spokane. Potential exists utilizing a direct Spokane-Vancouver flight on Western Airlines. Because that program would be in direct competition to Sun Valley, Utah and Colorado, an attractive price would be necessary. The package would require strong airline and travel trade support.

Eastern Washington would not be of serious interest to Vancouver Island or Northern British Columbia resorts. Distances and difficult air connections create an uncompetitive situation.

MARKET BARRIERS TO BRITISH COLUMBIA RESORTS

Although Mt Spokane and 49⁰ North have shortcomings, they, along with Schweitzer Basin, have the advantage of proximity to Spokane. A greater time and financial commitment is required to plan a ski trip to any British Columbia resort.

Although Interior British Columbia enjoys close cultural and trade ties with eastern Washington, our resorts are generally not as well known to consumers in the State. That principally is a function of 'national focus' and will prove difficult to overcome.

Since travel from eastern Washington to British Columbia is almost entirely by highway, contact with consumers will be without airline or little travel trade assistance. More distant

competitors will have this 'third party' involvement to augment their own efforts.

MARKET OPPORTUNITIES

Eastern and Central Washington have the potential to become a growing market for British Columbia's ski resorts. Favourable factors include:

- i. The market is not over serviced by local ski resorts.
- ii. Highway access to the BC Rockies, the Kootenays and the Okanagan is excellent.
- iii. Consumers are generally aware of British Columbia and its merits.
- iv. A foreign vacation is offered close to home.
- v. Exchange rates are favourable and well known.
- vi. B.C.'s resorts have unique appeals which can allow each to create a separate niche in the market-place.

MARKET INITIATIVES

Resorts, regions and the provincial and federal governments, may consider the following initiatives to increase consumer awareness in eastern Washington of British Columbia's ski products:

- i. Identify key influences in the ski and ski related media. Weekend familiarization tours to different regions will develop support.
- ii. Provide updated information on a regular basis to interested media, including weekly newspapers in small communities.

- iii. Use specific travel information as part of all advertising to develop a greater awareness of proximity and ease of access.
- iv. Broaden the scope of possible 'partners' in the marketplace to reduce cost of advertising.

GREATER SEATTLE AREA**POPULATION; 3,000,000**

Market Overview: Greater Seattle is the major centre of manufacturing, trade, services and government for the State of Washington. The region's economy, although strongly tied to the aerospace industry, has shown very substantial growth and diversification over the past decade. Seattle's economy is stronger now than ever before.

Boeing Co., the regions largest employer, has major orders which will ensure optimum activity through to the mid 1990s. In spite of recent diversification, Boeing continues to be the main engine of the Seattle economy.

An informal barometer of the region's economy is the fast pace of building development in downtown Seattle. Of the 22 million existing square feet of office space, 7.5 million was developed in the 1980s, and a further 4.5 million is in the development or construction phase.

Major contributors to the area's economy are world trade, financial services, electronics research and manufacturing, sports and outdoor clothing, fishing, logging, shipbuilding and tourism. The region is also the major Washington State centre for government, education and health care. Several major defence installations in Northwest Washington add another significant arm to the economy.

The growth of the past decade shows no signs of slowing. It is projected that the population will grow by a further 500,000 persons by the year 2000.

ACCESS TO BRITISH COLUMBIA

Located on Interstate Highway I-5 (north-south), 240 km. south of Vancouver, Greater Seattle is accessible to many of British Columbia's winter destinations. Driving times range from an average of five hours to Whistler, seven to the Okanagan, and ten to the Kootenays.

The major regional airport, Sea-Tac International, offers direct service to Vancouver and Calgary. Vancouver, the gateway to Whistler, also provides convenient connections to interior airports. Calgary often serves as the gateway airport to the B.C. Rockies.

BRITISH COLUMBIA'S EXISTING PROFILE

Seattle's close proximity to Vancouver has resulted in a tradition of tourism between the two centres. This awareness was vastly strengthened by the great success of Expo 86. Victoria and Vancouver Island are also favoured destinations for Seattle residents.

Whistler has done an excellent job of awareness development in Greater Seattle. The resort is now regarded by most Seattle skiers as virtually a 'local mountain.'

Seattle traffic has largely been weekend oriented, with relative resistance to choosing Whistler for a mid-week, longer stay holiday.

Seattle skiers are most impressed with Whistler Village, and the scope of both mountains. There is, however, a strong perception of wet weather, and snow conditions not unlike those found closer to home. The resistance to mid-week Whistler holidays may stem from a reluctance to risk precious vacation time (time being

often more important than money). Weekend trips represent a greater relative risk of money than time.

The balance of the British Columbia ski product is generally unknown to Seattle consumers. There is an association of the Interior with heliskiing, but little knowledge exists of our geography, transportation or resorts.

Skier Activity

Seattle is very outdoors activity oriented, and downhill skiing is the major winter sport. A high percentage of the population are considered to be relatively active skiers. Easy access to several local mountains, combined with probably the most active entry level programs in the United States, have kept skiing in the forefront.

Substantial opportunities for alpine skiing exist within one to two hours of Greater Seattle. This local ski industry has been active since World War II, with many areas beginning with rope tows, and growing steadily.

The most accessible ski areas to Seattle are those located on Snoqualmie Pass, 45 miles east of Seattle on Highway I-90. They include Snoqualmie, Ski Acres, Alpental and Hyak. These areas tend to be high density, urban areas offering major ski school development programs, with night skiing a popular option.

To the south, approximately one and a half hours from Seattle, is the major resort facility of Crystal Mountain. This well-developed resort offers more serious skiing with greater terrain, vertical drop and facilities.

Although skiing is most popular locally, snow and weather conditions at Seattle's local resorts reflect their lower

elevations and maritime climate. Regional skiers thus have a developed tradition of travel for enhanced opportunities.

Ski travel tends primarily to be on an individual or family basis, but strong group traffic also exists. Group traffic centres around ski clubs, employee associations and educational institutions.

All indications are that Seattle skiers are travelling in greater numbers to out of state destinations. Attendance figures at local Seattle resorts have been flat over the past decade (with seasonal influences), while the number of skiers has been steadily growing.

In summary, Greater Seattle offers a large pool of travel-oriented skiers, within easy reach of many of British Columbia's resorts.

COMPETITION TO BRITISH COLUMBIA RESORTS

As outlined earlier, Seattle is a prime, travel oriented ski market. This has not escaped the attention of most of British Columbia's competition.

MT BACHELOR, seven hours by car to the south of Seattle, represent the most active competition, both for ski holidays and extended weekends. The resort's strong points are a major, well-developed mountain, fine regional resort community (year round) and familiar geography to Washington State residents.

A substantial portion of the drive to Mt Bachelor is on Highway I-5, the most familiar artery to residents in western Washington. Thus Bachelor is in the direction of 'natural flow.'

Mt Bachelor has a reputation of very reliable, quality snow. The 'risk' factor present in Whistler's image is largely eliminated.

Negative aspects of Mt Bachelor centre around the lack of 'on-mountain' accommodation. The nearest overnight facilities are 14 miles from the mountain, with the preponderance of accommodation located in Bend, 22 miles away.

The upper portion of Mt Bachelor is accessible by a triple 'express' lift. When inclement weather (30% of operating days) does not allow operation or reasonable visibility on this lift, the area shrinks considerably. This will be overcome to a large degree by the addition of a third express lift in the west bowl, during the summer of 1987.

SUN VALLEY, Idaho has long enjoyed a tradition of ski vacations by Seattle residents. During the 1950s and 60s, this may well have been the only real option, and it has endured.

The quality image of Sun Valley's mountain and resort facilities retained its position with upscale Seattle skiers. The resort's isolated location and undependable snow are its major drawbacks.

Many skiers accept the 12 to 13 hour drive as a matter of course. As well, air access has improved greatly, with Horizon Air (Alaska Airlines) offering direct service to Hailey (adjacent to Sun Valley).

Snowmaking at Sun Valley has mitigated the worst of the snow problem. It now covers substantial terrain on two faces of the mountain, right to the summit.

THE BIG MOUNTAIN at Whitefish, Montana, enjoys substantial vacation traffic from Seattle. Amtrack offers very convenient,

overnight service to the resort in both directions, with very short transfers to the on-mountain accommodation.

The Big Mountain offers a good resort experience, combined with one of the best ski mountains in the Pacific Northwest. The resort presents serious competition for all British Columbia's regions promoting in Seattle.

BANFF-LAKE LOUISE, utilizing either direct air links from Seattle to Calgary, or some traffic by VIA Rail through Vancouver, has enjoyed regular traffic from Seattle. The major appeal centres around the scenery of the Canadian Rockies, the Banff Springs Hotel, and a reputation for reliable snow.

SCHWEITZER BASIN, Sandpoint, Idaho, plans to renew its efforts in Seattle. They offer a fine mountain, and generally reliable snow. The negative aspect of Schweitzer for Seattle skiers is the relatively poor base resort facilities.

Seattle is a target for the ski resorts of Utah and Colorado. Utilizing direct and competitive flights direct from Seattle to Salt Lake City and Denver, they are each serious competition in the vacation market.

The appeal of these more distant resorts will be strongest to consumers willing to pay a premium for a very high quality product. The appeal will diminish to either less affluent travellers or larger family groups.

Competition for the Seattle market will remain strong. British Columbia resorts must overcome either perceived weaknesses in product, ignorance of British Columbia's geography, or both.

BRITISH COLUMBIA'S EXISTING MARKETING ACTIVITY

Whistler, with its proximity to Seattle, and major resort attractions, has likely become the most popular, non-local destination for Seattle skiers. Whistler's marketing activities, conducted on a consistent basis during the past several years, have turned skiers' attention to British Columbia.

Present expenditures by the Whistler region are approximately \$250,000 (Cdn) per annum. This represents efforts by the Whistler Resort Association, individual accommodation properties and the travel trade.

The combined expenditures of other British Columbia winter ski resorts in Seattle is approximately \$100,000 Cdn. This represents activities by Okanagan resorts, the Kootenays and the B.C. Rockies. Although this is considerable expenditure, it has not yet realized the level of product awareness necessary for success.

Travel trade activity in Seattle is minimal in the promotion of skiing. One major tour operator offers a variety of British Columbia products on both a retail and wholesale level. However, his ability to sell will reflect general consumer awareness and perception, as one operator cannot do enough promotion to materially affect public demand.

MARKET BARRIERS FOR BRITISH COLUMBIA RESORTS

WHISTLER MOUNTAIN, as discussed previously, enjoys relatively good access and a high profile with Seattle skiers. The major negatives centre around the perception of snow and weather, and a lack of available commercial accommodation in the Village.

The advent of covered express lifts from the valley to elevations of consistent snow and weather will largely ameliorate Whistler's shortcomings. The development of major new lodging facilities (CP Hotels) will both overcome shortages, and provide a major attraction to travel trade support.

THE INTERIOR RESORTS of British Columbia must overcome the relative ignorance of Seattle skiers about their location and product. Although British Columbia generally enjoys a high profile in Seattle, that tends to be restricted to the Coast region. The challenge is not just to introduce the product, but the relative ease, and specifics, of access.

MARKET OPPORTUNITIES

The greater Seattle area represents the market of greatest potential to the British Columbia ski industry. Favourable aspects include:

- i. It is the largest market within one day's drive of most resort regions of the province.
- ii. The economy is very strong, with excellent prospects.
- iii. There is a high percentage of the population active in skiing.
- iv. The region produces substantial outbound tourism.
- v. No changes at local resorts will be significant enough to change travel patterns.
- vi. Whistler has already created a consumer focus on British Columbia skiing.
- vii. The Coquihalla Highway has greatly enhanced access from Seattle to the Interior of B.C.
- viii. Principal U.S. resorts competing for Seattle are as far or further than B.C. destinations.
- ix. British Columbia resorts offer distinct products that are competitive in substance and value.

- x. British Columbia offers a 'foreign experience,' with favourable exchange rates, close to home.

MARKET STRATEGY AND INITIATIVES

The Greater Seattle area should be the target of a major, long-range strategy of market awareness and development. The program combining the best efforts of the private and public sectors, both Federal and Provincial should:

- i. Enhance regional awareness of B.C. products by selling the geography and specific access to B.C. resort regions, for both summer and winter seasons.
- ii. Conduct a program of consumer research in Seattle on an on-going basis, to monitor market response to new initiatives.
- iii. Tailor future marketing programs to address the specific opportunities and shortcomings identified in (ii).
- iv. Involve other partners in joint promotional programs in the region.
- v. Direct a major, on-going familiarization program at the retail travel trade and media of the Seattle area.
- vi. Develop programs to increase quality and quantity of information provided to the media on an on-going basis.
- vii. Address the Seattle mid-week market for Whistler by promoting covered access lifts and additional hotels.
- viii. All programs should be long-term and consistent.

PORTLAND - CENTRAL OREGON**POPULATION: 1,500,000+**

Market Overview: The Willamette River - I-5 Corridor in Oregon State is considered to be one of the most advantageous places to reside in the entire United States. Over fifty percent of the State's population of 2,600,000 reside in the 110 mile area between Portland and Eugene.

The similarities to British Columbia are many: an early reliance on the lumber industry and now a greater emphasis on manufacturing and tourism.

This region was adversely affected by the recession of the early 1980s. However, the economic outlook has brightened considerably in the last two years. Portland now is the home for over 580 separate manufacturing companies. Beaverton is enjoying tremendous growth in new high-tech industries; and the Salem area as the State government and major education facility centre, remains strong economically.

ACCESS TO BRITISH COLUMBIA

Portland is located 317 km. south of Vancouver on Interstate Highway I-5. Access to the B.C. Interior resorts is also possible via Highway 97.

The principal airport in this region is Portland International. Fifteen major carriers offer direct flights to almost all U.S. destinations. However, flights to Canada are rare with only Delta having a direct link to Vancouver.

BRITISH COLUMBIA'S EXISTING PROFILE

The tremendous success of Expo 86 has changed the perception of Canada to something other than mountains and lakes. Except for the Vancouver-Victoria area, general awareness of the tourism opportunities in British Columbia is low.

In winter tourism, Whistler enjoys a good reputation as a quality destination. Other British Columbia resorts have little product profile except for difficulty of access. Oddly enough, the problems of access to the Interior have added prestige to these resorts, as being "adventure destinations" and creating a niching opportunity.

SKIER ACTIVITY

The population is generally young, reasonably affluent and geared to a healthy, outdoor lifestyle. The importance of lifestyle relates to their holidays and recreational choices. They will travel long distances for perceived value.

A high percentage of Oregonians are active skiers. They have easy access to the two local ski areas located on the slopes of Mount Hood, Timberline and Mount Hood Meadows. Both ski areas offer top quality operations and service, turning out entry-level skiers above ski industry norms. Although somewhat more distant (3 hours), Mt. Bachelor is still considered a day area for a substantial portion of the marketplace.

While individual travel is high, the Portland area has an extremely active ski council composed of ski clubs and groups. This offers significant target potential for all British Columbia destinations.

There is little travel trade activity in Central Oregon which creates problems for new market development.

COMPETITION TO BRITISH COLUMBIA RESORTS

One significant aspect of this market region is the lack of competition for skier market share. Mount Bachelor enjoys the largest captive market of any regional destination in the Pacific Northwest. While it has some competitors for day skier business, it has no competitors for overnight stays from this large market area. The ski area's good snow, well-developed mountain and the comfortable, well-known resort feeling of Bend, provide most skiers with a top quality ski weekend or mid-week get away vacation. Their present skier volumes attest to that. This on a mountain without outstanding vertical and with no on-mountain accommodation.

The lack of competition should be seen as an opportunity for British Columbia. Consumers must look considerably further afield for skiing destinations. As mentioned previously, they consider adventure vacations a high priority. Heli-skiing, big verticals and new destinations have great appeal here. Consequently, Oregonians travel extensively to areas such as Jackson Hole, Wyoming, Telluride and Aspen Colorado and Sun Valley, Idaho. Other ski resorts of Utah, Colorado and the California-Tahoe region with their first-class facilities, are also popular. Their appeal is slightly more up-scale but offers proven value.

To be competitive, British Columbia must develop better, less expensive air access and offer value against their American counterpart.

BRITISH COLUMBIA'S EXISTING MARKETING ACTIVITY

Present expenditures for marketing British Columbia ski resorts in Portland are minimal. There is attendance at ski shows and trade seminars but little, if any, media advertising to heighten product awareness. No tour operators nor anyone else in the travel trade is actively promoting skiing to British Columbia.

MARKET BARRIERS FOR BRITISH COLUMBIA RESORTS

The major problem preventing market penetration in Oregon is access to B.C. Whistler Mountain, with the closest proximity, and the highest profile, is eight hours distant by highway. The Tahoe region ski areas are approximately the same distance and are better known.

Access by air, a more attractive option, is not viable at this time. The absence of any competition amongst carriers from Portland to Vancouver/Calgary has created high prices and poor flight frequency. The lack of airline carriers and travel trade partners makes the overall product awareness problem of the British Columbia ski facility significant.

MARKET OPPORTUNITIES

While the problems of access, competition and product awareness have negated any real penetration to date, modest gains can be made from this market area. Favourable aspects include:

- i. A high percentage of the population is active in skiing.
- ii. British Columbia, despite problems of access, is perceived as an exciting destination for skiing.

- iii. Whistler Mountain has an international profile and unlike in other markets, is not perceived as a "wet" destination.
- iv. Air BC and other Canadian carriers are interested in opening up this market area with direct flights to Vancouver and the Interior.
- v. British Columbia's Interior resorts are now accessible from Portland by four lane highway, via the Coquihalla.
- vi. The negative travel experience can be offset with a foreign ski experience, offering good value.

MARKET STRATEGY

The size of the market, cost of penetration, and problems of access may hinder potential benefits from this region so a long-range thoughtful strategy is important for development. Elements in it should include:

- i. An awareness campaign of British Columbia regions within the provincial framework.
- ii. Familiarization tours of travel media and group leaders done on a consistent basis.
- iii. Product launches on the ski resort product of British Columbia to the Portland Ski Council and other affinity groups.
- iv. Spearhead an attack promoting week-long vacation stays in British Columbia to Whistler which now enjoys only limited weekend business from this region.
- v. Provide support to air carriers or legitimate tour operators who may enter this market in the near future.
- vi. Closely monitor changes in this market place, this year's disadvantage could be next year's opportunity.

SAN FRANCISCO - BAY AREA**POPULATION: 6,000,000**

Market Overview: The San Francisco region's economy is equivalent to almost a third of Canada's. It is extremely multi-faceted, centering around heavy industry, electronics, transportation, trade and financial services, with a vast retail and general service sector.

The region enjoys solid prosperity, having well distanced itself from the economic downturn of 1982-83. Population growth continues in most communities, reflecting strong confidence in the future.

This is a very large, upscale consumer market, created by such high growth facets as the computer industry. British Columbia's target market for winter tourism could be generally characterized as well-educated, often dual income households, with a penchant for travel and the disposable income available to do so.

ACCESS TO BRITISH COLUMBIA

Located 1,200 km south of Vancouver, access from the greater San Francisco area will be virtually all by scheduled air carriers. Frequent service is provided from San Francisco International and San Jose airports, on Canadian Airlines International, AirCal, Delta (Western), United, PSA and Cathay Pacific. The B.C. Rockies resorts, using Calgary as a gateway, have direct service available on Air Canada, United and Delta.

The San Francisco/San Jose to Vancouver route is highly competitive, and airlines, offering imaginative fares, are eager to be involved in tour packaging that can increase their load factors.

The recent amalgamation of Pacific Western Airlines and Canadian Pacific Airlines, as well as Air Canada's acquisition of Air B.C. has been of great significance to Interior British Columbia resorts. Previously, they were unpromotable in San Francisco due to high add-on airfares from Vancouver to regional airports.

BRITISH COLUMBIA'S EXISTING PROFILE

Without question, Expo 86 has greatly enhanced the profile and prestige of British Columbia in the San Francisco market. The Province is highly regarded with an image that can be expressed as 'the best in the world.' This image includes spectacular scenery and sightseeing opportunities, personal security, and good value.

Most Bay area skiers know of British Columbia's heliskiing opportunities, with a substantially lesser number aware of Whistler. Perhaps one half of travel agents active in selling skiing have specific knowledge of Whistler.

It is safe to say that all other British Columbia ski resorts, individually or collectively, are completely unknown to northern California consumers and travel agents.

In summary, British Columbia has a positive image in the marketplace, Californians are generally unknowledgeable about Canada, its specific geography and travel opportunities.

SKIER ACTIVITY

Greater San Francisco offers a market of energetic outdoors oriented consumers. The percentage of population active in

downhill skiing would compare favourably with North American averages. In excess of 20 ski areas are located within 5 hours of San Francisco, creating substantial opportunities for the sport.

While local resorts have developed the skier population, the market offers opportunity for outbound ski tourism. Snow conditions locally are not known for either reliability or quality. Thus there exists a tradition of ski vacations at more distant resorts.

The market, though largely "individual" oriented, offers group potential. Skiers are generally aware of better known resorts and do not rely heavily on the travel trade in their decision making process. They tend to be somewhat skeptical of new products, unwilling to trade known quantities for adventure. However, once sold, can be a very loyal market.

Of the twenty plus ski areas servicing the greater Bay Area, seven could be considered to be major international or regional destinations, well developed and competitive within the North American ski industry. These seven major resorts offer a total of 88 chairlifts, four gondolas or trams, and a variety of surface lifts.

These resorts are centered around the Lake Tahoe region, accessible by Interstate Highway I-80, approximately 200 miles east of San Francisco. As well as downhill skiing, Lake Tahoe offers year-round recreation with a highly developed service industry of hotels, restaurants, service and entertainment.

The night life of the Lake Tahoe region is likely the most sophisticated in the world, with large casinos, big name floor shows, and a host of other activities.

Many Bay Area skiers have purchased recreational homes in the Tahoe area, demonstrating a high commitment to recreation. This does, however, present a barrier to tourism, as those skiers will center their activities there whenever possible.

COMPETITION TO BRITISH COLUMBIA RESORTS

In the promotion and marketing of ski resorts, the greater the distance from home base, the greater the competition. The large, wealthy and sophisticated San Francisco market is a world target.

For upscale consumers, very attractive packages are available to Europe, as well as major U.S. destinations such as Colorado and Utah.

In distance, Vancouver is mid-range, between that of Salt Lake City and of Denver. However, service is extremely frequent (and highly competitive) between the Bay Area and those U.S. cities. As well, the ski resorts of Utah and Colorado are very well known to American skiers. They are very active in the Bay area, and enjoy strong airline and travel industry support.

Sun Valley enjoys a strong image and position in this marketplace. Its San Francisco following is very loyal, even in years of less than optimum snow conditions. The major access to Sun Valley is by charter program, with 300 seats per week operated at a high occupancy by Damon Nelson Ltd.

Mt Bachelor, Bend, Oregon, has begun to make inroads in San Francisco during the past few years. Virtually unknown six years ago, this resort has caught market attention through aggressive promotion, product development and relatively easy access.

Mt Bachelor is within a one-day drive from San Francisco, primarily on Interstate I-5. As well, there is good Amtrack service available. Both these modes are favoured by the family or budget traveller. An air charter program began last winter (1987) and is scheduled to continue during 1987-88.

Mt Bachelor is serious competition to British Columbia, as its well developed mountain product offers skiing similar to many Interior resorts, but on a larger scale, and utilizing high speed 'express lifts.' Mt Bachelor is hampered by the lack of on-mountain accommodation, a situation that is unlikely to change.

Banff has, in recent years, made reasonable progress in the Bay area marketplace. Primarily utilizing Air Canada service to Calgary, Banff products are offered by U.T.L. (Toronto-based wholesaler) and Damon Nelson (San Francisco's most established ski wholesaler). Tortuga Tours is now very active in the San Francisco group and wholesale market.

Banff's lure is focused on both the fame of the Banff Springs Hotel, and the spectacular scenery of the Canadian Rockies. This high recognition and acceptance is the result of decades of consistent promotion. They have recently been enhanced by major U.S. television exposure, triggered in part by the upcoming Winter Olympics.

The Banff Springs Hotel has been most successful in developing and keeping the loyalties of the wholesale travel industry. Although the marketplace perception of the Banff Springs is often stronger than the reality, this hotel's management have a clear understanding of the needs of tour operators, and have forged a mutually profitable and enduring relationship.

The combination of Banff's hotels, ski resorts, ancillary facilities and scenery has steadily gained a foothold in California markets. While Banff represents competition to British Columbia, it has also provided a focal point to begin Canadian penetration of California markets. Recent development with CP Hotels at Whistler will provide the impetus to this next phase. British Columbia clearly will benefit from the experience and reputation of CP Hotels.

Since ski travel to Banff from California has centered around the appeal of both a unique hotel experience and sightseeing, rather than skiing itself, repeat business is substantially lower than to other destinations. This provides an opportunity for Whistler, as skiers often indicate: "This was good, now what else is there?"

In other words, once a tradition of ski travel to Canada is established, the selling job for new Canadian destinations will be substantially easier.

As discussed earlier, ski resorts in the Lake Tahoe region provide the greatest competition to outbound ski tourism in the Greater Bay Area. High quality skiing within reasonable driving time provides a great dis-incentive to airline based ski travel.

The local competitive situation tends to destabilize the outbound market, as demand fluctuates in response to local opportunity. This variance in demand from season to season creates an undesirable situation for resorts, tour operators and airlines, which can only be overcome by developing a steady, loyal clientele, willing to travel for perceived advantages.

BRITISH COLUMBIA RESORTS**SAN FRANCISCO MARKETING ACTIVITY**

Until the past ski season, there has been very little travel trade activity in the San Francisco area promoting British Columbia. Damon Nelson promoted an American Thanksgiving tour to Whistler, but found the balance of the year difficult to sell. Frustrations were caused by wet weather, lack of hotel space, and inconsistent policies.

Damon Nelson continues to promote Banff successfully in the region, and have been joined recently by U.T.L. Holiday Tours and Tortuga Tours. Both of these very established companies see excellent potential for Canadian ski resorts in San Francisco.

Whistler's potential in this market will be greatly increased by the development of covered access lifts, and the increase in available hotel rooms. The presence of the **Chateau Whistler** will make the resort very attractive to the travel trade.

During the past year, Whistler, in conjunction with AirCal, launched a major California promotion. Approximately 20% of this combined \$450,000 promotion was targeted at San Francisco.

BARRIERS FOR BRITISH COLUMBIA RESORTS

The major barriers to success in the San Francisco area for British Columbia resorts will be a function of distance. There is a truism that 'the greater the distance, the harder the sell.' Resorts are competing in a North American, if not world, market. The consumer has a vast choice of destinations, and ours are not yet known.

Tour operators are extremely reluctant to sell unknown, mid-size resorts. Without some public profile, demand for these facilities will not justify the costs of marketing. The travel industry, already operating on narrow margins, generally cannot contemplate working with resorts that do not 'sell themselves' to some degree.

Whistler, although better known, contends with a reputation for wet weather. Tour operators appear willing to sell the resort, but have, in most cases, been unable to secure sufficient block space.

The presence of the major Lake Tahoe ski resort facilities is, to some extent, a negative factor as consumers have good options close to home. Many have invested in recreational real estate in the Tahoe region, inhibiting travel to other resorts.

SUMMARY OF OPPORTUNITIES

The size of the San Francisco area, with its relative proximity to British Columbia, dictates that the market will be of increasing importance. Positive factors that will enhance development are:

- i. New developments at Whistler are generating renewed travel trade support.
- ii. AirCal's successful program shows continuing promise.
- iii. Canadian Airlines International wishes to have 'more products on the shelf' in California, and will make sincere efforts to sell interior destinations.

- iv. There is, in spite of local options, a strong outbound ski tourism market in Greater San Francisco.
- v. As Banff and Whistler become better known in California, B.C.'s regional resorts may experience a 'spin off' effect.

STRATEGY FOR GROWTH

Marketing resources available from British Columbia will obviously be limited, especially considering the size of market and expense of penetration. A strategy of maximizing effect by co-opting all efforts is necessary and should include:

- i. Providing direct support to legitimate tour operators and wholesalers willing to sell British Columbia products on an on-going basis.
- ii. Focusing on the retail travel trade and ski media, through 'product launches' and familiarization tours.
- iii. Developing an on-going program, if possible, similar to the Canadian Airlines, Alpha Beta promotion.
- iv. Increasing specific product knowledge and sales tools to Federal and Provincial Tourism representatives in the region.
- v. Understanding that market development must be a consistent, long-term undertaking.

LOS ANGELES - SOUTHERN CALIFORNIA**POPULATION: 8,000,000 +**

Market Overview: Were California an independent nation, its economy would be the eighth largest in the free world. The leading centre of this State is, of course, the Greater Los Angeles region. Its diverse economy embraces almost every conceivable activity, from heavy industry through electronics and other manufacturing, to being the world centre of the entertainment industry.

The Los Angeles region can well be considered the 'world capital' of consumerism. A very large, affluent population provides one of the greatest concentrations of wealth to be found.

Principal airports serving the region are Los Angeles International, Orange County and Ontario. From those airports, direct flights are available to almost any major destination. Service is provided to British Columbia (Vancouver), by Canadian Airlines International, AirCal (American), Delta, United and Western. Service is available to Calgary (B.C. Rockies) on Air Canada, and Delta.

There is an expatriate Canadian population totalling 800,000 persons, living in Southern California. Although this group likely contains no greater percentage of skiers than others, it can be expected that their knowledge of Canadian geography and travel opportunities would be higher.

The greater Los Angeles area can be approached on a regional basis. Promotional activity would be directed at counties that, through demographic and consumer profiles, offer the best promise of success.

LOS ANGELES SKIER ACTIVITY

Los Angeles contains a large population of active skiers. Several well developed, day ski areas are located within one and a half hours of the major population. These areas have very unreliable snow conditions, due to elevation and latitude. They do play an important role in the entry level aspect of skiing in the region.

The local Los Angeles ski areas are generally crowded when they offer acceptable snow conditions. Thus they do not play any role of inhibiting outbound ski travel.

Los Angelenos are accustomed to travelling significant distances in order to enjoy the sport. The closest major ski resort is Mammoth Mountain, six and one half hours from L.A. It is a mega resort with a total of 25 chairlifts, 4 surface lifts and two six-passenger gondolas.

Mammoth Mountain has an annual attendance, subject to snow conditions, of up to one and a half million visitors per winter. Neighbouring June Mountain, recently purchased by Mammoth, has a further six chairlifts, including a new quad express lift.

The Mammoth complex includes hotel and condominium accommodation for 30,000 as well as a full range of restaurants, bars, shops and ancillary facilities.

A further three hours of driving takes Los Angeles skiers to the Lake Tahoe complex of resorts. Direct air routes are available from Los Angeles to Lake Tahoe or neighbouring Reno.

Los Angeles skiers are very willing to fly to attractive destinations. Considerable traffic is outbound to Utah, Colorado, Sun Valley and Europe. They have a sense of adventure, and are thus willing to try new, interesting destinations.

BRITISH COLUMBIA RESORTS**LOS ANGELES MARKETING ACTIVITY**

Until recently, the only significant marketing of the British Columbia ski product in Southern California were the efforts of the Federal and Provincial governments. This was principally in the form of Consular or Tourism offices, media advertising and winter familiarizations tours.

During 1986, in concert with AirCal and the 'Partners in Tourism' program, Whistler launched a major campaign in California. A total expenditure by the partners involved of \$450,000 was split approximately 80/20 between Southern and Northern California.

The launch year of this program was a success, attracting over 3,000 skiers to Whistler for vacations over the 1986-87 season. This was assisted in no small degree by the snow drought affecting California, Sun Valley and Utah.

Recently, the Provincial government, in co-operation with Canadian Airlines International, ground operators, and Alpha Beta Stores, conducted a massive summer and winter media campaign. Hundreds of prizes including airfare to British Columbia, and attractive ground packages, were offered in a television and newspaper campaign. The promotion was highly visible, and must be reckoned a success.

COMPETITION TO BRITISH COLUMBIA

Every significant resort destination in the world is promoted in Los Angeles one way or another. More distant resorts, such as in Europe, South America and New Zealand are promoted mainly by air carriers, Governments, and the travel industry.

All destination ski resorts in Western North America are active in the Los Angeles market to some degree. This will include media advertising, group sales, special promotions, media influencing and travel trade support. Major players include Colorado, Utah, Sun Valley and Lake Tahoe.

Banff has developed a good foothold in the Southern California market, largely through the efforts of Tortuga Tours Ltd.

Outbound ski travel is virtually all done through the efforts and networks of the wholesale travel trade. That industry in Los Angeles is well-established and knowledgeable. It would be impossible to significantly penetrate this market without strong travel trade support.

The ski industries of Utah and Colorado are the strongest competitors in the Los Angeles region. They offer a wide range of first class, well-developed resorts, high market profile and frequent, competitive air access. They enjoy the best possible travel trade support.

Any developing product must be prepared to offer significant product or price advantages in order to compete with those two States.

BARRIERS TO BRITISH COLUMBIA RESORTS

Lack of consumer awareness of British Columbia's ski product will be the major barrier in Southern California. Just as the market is vast, it is correspondingly expensive in which to 'mass merchandize.'

The distance from British Columbia very effectively blocks out any form of access other than air. As co-operative as AirCal and

Canadian Airlines International are, cheaper air fares are available to principal U.S. destinations, as they are significantly closer and the routes are highly competitive.

The regional resorts of British Columbia will be a much tougher sale than Whistler in Los Angeles. The cost and inconvenience of an extra air leg, as well as their relatively smaller sizes, will be negative. These resorts must offer other features or benefits to overcome this.

SUMMARY OF OPPORTUNITY

Los Angeles presents a solid, long-term opportunity for British Columbia winter tourism. This huge, prosperous market can produce good results if a long-term, consistent plan is implemented. Favourable factors include:

- i. Airlines, servicing both Vancouver and Calgary, that are eager to build traffic.
- ii. As well-organized travel trade, that views British Columbia in a positive way.
- iii. Large numbers of skiers who must travel to enjoy the sport.
- iv. Positive consumer awareness of British Columbia, enhanced by Expo 86.

STRATEGY FOR GROWTH

A plan for the long-range development of the Los Angeles market should consider:

- i. A long-term commitment is necessary in order to develop travel trade support and consumer awareness.

- ii. Whistler will lead the way, opening avenues for other resorts as B.C. skiing becomes known. The regional resorts must emphasize such aspects as snow quality, romantic villages, adventure and other features in order to be attractive to Los Angeles skiers.
- iii. All support should be concentrated behind proven airline and wholesale packages that can deliver skiers.
- iv. Group sales can provide an entree for all resorts.
- v. A continuing program of travel agent and media familiarization should be undertaken by industry and Government.
- vi. The industry should work with the Los Angeles Tourism offices of both governments to optimize their effectiveness.

OTHER UNITED STATES REGIONS

The balance of the United States, areas not specifically discussed in this report, offers good potential for British Columbia's winter tourism. The overall size of this market, combined with its proximity to Canada, creates good opportunity.

The degree of opportunity available in each region of the United States will be dictated primarily by access combining the elements of distance, convenience and cost. As access becomes more difficult than to the competing locations, compensation must be created in the form of perceived benefits to the consumer. These may include quality of skiing, unique resorts, cost, etc.

As a rule, winter promotion for British Columbia should only be considered in regions in which access is competitive, and where travel industry support is available.

At this time, a variety of wholesalers selling B.C. are active in different U.S. regions, including:

- | | |
|----------------|---------------|
| i. Ski Can Ltd | Northeast USA |
| ii. Touram | Northeast USA |
| | Southeast USA |
| iii. Tortuga | California |
| | Southwest USA |
| | Southeast USA |
| iv. U.T.L. | Northeast USA |
| | Midwest USA |
| | California |

It should be noted that, for a variety of reasons, not all of the wholesalers listed above have been promoting British Columbia to a major degree. Reasons for this are discussed in Section VI of this report (Travel Industry Support).

If a viable opportunity does exist in specific markets, tour operators will provide the key to realizing it. They are the ones who, on a cost effective basis, must translate potential to sales.

JAPAN

Since 1970, Japan has grown steadily in importance for British Columbia as a source of tourism. Vancouver's role as Canada's gateway from the Orient has assured the province a pivotal role in the development of that market. For most seasons, this is the case.

During the winter season, Banff-Lake Louise dominates as the world's number one foreign destination for Japanese skiers. As discussed elsewhere in this report, that is the result of very continuous, dedicated effort by C.P. Air, the Banff Springs Hotel and the Alberta Government.

Banff's fame as a destination is such that the Banff Springs Hotel is one of the most recognizable world landmarks for Japanese. It is a case where Banff, the hotel and the scenery outweigh the skiing as the principal attractions.

This may create an opening for British Columbia resorts, as once Japanese have experienced the hotel and scenery, skiing will increase as a consideration, and British Columbia will be an obvious alternative.

In the past, some B.C. resorts seriously overestimated the potential of the Japanese market. Within Japan, there are a great number of well developed resorts, offering abundant hotels, lifts, terrain and snow. By travelling north to Hokkaido, skiers avoid the infamous overcrowding of areas near metropolitan centres. Many of Hokkaido's resorts would be quite competitive with their British Columbia regional counterparts.

Japanese skiers planning overseas holidays will generally seek features not available domestically. Helicopter skiing, powder

snow, unique resorts or the large vertical drops of Whistler would be perceived as positive benefits.

Whistler has not yet reached its potential in Japan, for several reasons:

- i. Tour operators have found it difficult to conform with conventional arrival and departure days (i.e. Sunday in, Friday checkout).
- ii. Tour operators were unable to get large enough blocks of space to justify promotional costs.
- iii. An impression of wet weather.
- iv. Banff has been both more aggressive and consistent in promoting this market.

As with other market regions (U.S.A.), recent developments at Whistler will greatly enhance Whistler's performance in this market. They include:

- i. New hotels underway will create new opportunities for the travel trade.
- ii. C.P. Hotel's involvement will be very significant for Japanese tour operators.
- iii. Covered express lifts to elevations of stable weather will overcome the 'wet weather' image.

Opportunities in the Japanese market do exist for B.C.'s regional resorts. They have been enhanced by the formation of Canadian Airlines International, as through fares from Tokyo are now available to Interior airports. Innovative packaging may be necessary, such as combining one Interior resort with Whistler or Banff in a one week package.

As with any distant market, the airlines and the travel trade in Japan are the key to the market. The industry and Governments should develop a long-term strategy to focus the travel trade on British Columbia products.

Canadian Airlines International is eager to develop alternate British Columbia destinations, and could be a strong partner in any undertakings.

MARKET OPPORTUNITY MATRIX

	Seattle	Eastern Washington	Portland	San Francisco	Los Angeles	Other U.S.A.	Japan
Whistler	***	0	***	**	***	**	***
Vancouver Island	**	*	*	0	0	0	0
Okanagan	***	**	**	*	*	*	*
Kootenays	**	***	**	*	*	*	*
B.C. Rockies	**	**	**	**	**	**	*
B.C. North	*	*	*	0	0	0	0

Potential:

- *** Major
- ** Medium
- * Low
- 0 Minimal

VII.

INDUSTRY - GOVERNMENT RELATIONS

At each resort studied, the consultant reviewed the relationship with the State, Provincial and Federal governments. It was clear that in no case could the situation be considered as positive and productive as the relationship between the private and public sectors in British Columbia.

The U.S. Forest Service is the landlord for the majority of American resorts. They do not have in place anything comparable to the B.C. Commercial Alpine Skiing Policy. Their general policy of restricting base area development on Forest Service land to day use has inhibited development at a number of areas (Mt. Bachelor, Crystal Mountain, Mt. Hood). Those resorts that have developed overnight facilities have generally done so on existing fee simple land.

None of the five states visited provides substantial direct support to resorts in their marketing efforts. At best there is the more traditional relationship with government travel departments promoting generically and non specifically. The more progressive approach taken by British Columbia is being watched and in some cases emulated in the United States.

The majority of Alberta ski resorts studied (excepting Nakiska) are located in National Parks. This has tended to delay, but not stop, the development of downhill ski facilities at existing sites. It has, though, completely excluded the development of new resorts within the Parks, or the development of on-mountain accommodation at the existing resorts. Only Sunshine Village presently offers on-mountain hotel facilities (200 beds).

With an overall investment now exceeding \$30 million, the Alberta Government has shown its determination to develop a new resort outside the National Parks (Nakiska). This has been both to fulfill its commitment to the 1988 Olympics, and to enhance the

development of its "Kananaskis Country" recreation area. Due to climate restrictions, it is a matter of conjecture whether or not Nakiska will be commercially viable as a ski resort.

The Alberta Government is vigorous in its promotion of ski related tourism to the province. There is not, however, a program in place as clear and effective as B.C.'s "Partners in Tourism."

Having generally reviewed the Partners program as it relates to the ski industry, it was concluded that:

- i. The program provides significant benefit and advantage to the Province, and should be retained.
- ii. Incentives could be provided to resorts developing new markets by participating at different percentage levels in established and developmental markets.
- iii. Industry participants should be encouraged to provide better "results accounting" to the Ministry of Tourism, Recreation and Culture.

VIII.

AIR CARRIERS

REALIGNMENT EFFECTING BRITISH COLUMBIA TOURISM

During the first six months of 1987, significant changes occurred in the Canadian Airline industry. The two most important for British Columbia were Pacific Western Airlines' purchase of Canadian Pacific Airlines, and Air Canada's purchase of Air B.C.

The creation of Canadian Airlines International, resulting from the merger of P.W.A. and C.P. Air, can have excellent benefits for the British Columbia ski industry, especially resorts serviced by regional airports. The new airline offers "same airline" service, and through fares, from across Canada, Europe, California and the Orient, to such airports as Cranbrook, Castlegar, Kelowna, Kamloops, Courtenay, etc.

Service to these airports is now promoted in a wide range of tourism markets, by both airlines and tour operators, that was not previously possible.

Air Canada's acquisition of Air B.C. has had the same effect, in tying Air B.C.'s service of regional airports to Air Canada's national and international networks. That has significantly improved air access to the interior from Eastern Canada and the U.S.

Air B.C.'s recent addition of service to Calgary from Kelowna has created an element of competition on that route. Although the effect will not be felt until the upcoming winter (1987-88), the net effect should be better fares for package tours.

The same process has been taking place in the United States, with recent acquisitions - amalgamations including Delta-Western, Alaska-Horizon, American-AirCal, Continental-Peoples. It is

premature at this time to say what effect these will have on access to British Columbia. There will be route adjustments and rationalization which could affect service.

IX.

TRAVEL INDUSTRY SUPPORT

HISTORIC ACTIVITY

British Columbia's ski industry has not, on the whole, enjoyed the level of support possible from the wholesale or retail travel trade. There are several reasons for this, including:

- i. A shortage of hotel rooms at Whistler.
- ii. A perception of wet weather at Whistler.
- iii. Regional resorts not being regarded as competitive products.
- iv. Prohibitive add-on air fares to regional airports.
- v. The lack of ongoing, consistent policies in dealing with the travel trade.

There have been, of course, notable exceptions. These include AirCal's Whistler program, SkiCan Ltd's program to Whistler, the Okanagan and B.C. Rockies, and the P.W.A. "Skibird" program, selling a wide variety of B.C. destinations.

TRAVEL INDUSTRY OUTLOOK

As discussed in other sections of this report, the outlook for travel trade involvement is excellent. Favourable factors include:

- i. New facilities and hotels at Whistler will overcome product shortcomings.
- ii. Better facilities and packaging at regional resorts will increase their appeal.
- iii. Airline realignment has increased accessibility to regional airports.
- iv. Airlines are eager to promote a variety of B.C. resort products.
- v. British Columbia's profile is growing, at a time when the travel industry is considering new destinations.

- vi. The Canadian dollar continues to create a strong incentive in the U.S. and Japan.

TRAVEL INDUSTRY ENHANCEMENT

Closer ties and involvement with the wholesale and retail travel industries is critical to the development of destination tourism for British Columbia. Initiatives should be considered on an industry wide basis, in conjunction with governments, both Federal and Provincial. They should include:

- i. Consistent and workable policies for the travel trade at resorts.
- ii. An increased, Province-wide program of agent familiarization tours, in conjunction with recognized wholesalers.
- iii. Provide as much "point of sale" support to bona fide tour operators/wholesalers as possible.
- iv. Do not consider promotional efforts in 'non drive time' markets without travel trade involvement.

X.

ADJACENT COMMUNITIES - AN OPPORTUNITY

During the past twenty years, the emphasis of ski resort development in British Columbia has been with 'on mountain' accommodation and facilities. This has been in response to a clear market demand, and has greatly enhanced the appeal of many mid-sized resorts.

At the same time, Whistler's 'on mountain' village is a landmark in North America's resort development.

In total, this new resort development has diminished the opportunity of established communities to provide the accommodation and facility base for nearby ski resorts. That was inevitable as ski resorts did that which was essential to remain competitive. It could be argued as well that many of the communities involved did little to maximize their opportunity when it existed.

In preparing the competitive review portion of this report, it became apparent that a number of British Columbia's major competitors either have no 'on mountain' accommodation, or if having it, continue to rely on neighbouring communities to handle peaks (weekends and holidays).

Other than 200 beds at Sunshine, Banff-Lake Louise is completely 'off mountain.' Mt Bachelor relies on Bend, 22 miles distant, for its accommodation base. Both The Big Mountain, Montana and Schweitzer Basin, Idaho, rely heavily on local communities to augment their 'on mountain' bed base. This gives those ski resorts the ability to enjoy a much higher level of business on weekends and holidays than would otherwise be possible.

The most notable communities in this regard are Sandpoint, Idaho (Schweitzer Basin) and Bend, Oregon (Mt Bachelor). Pre-tourism, both were primarily sawmill and farming towns, very much part of 'working America.' It is doubtful that they were especially great places to holiday in 1960.

Bend and Sandpoint are excellent examples of towns that have made tourism work for them. The two key elements are 'downtown revitalization' and 'community commitment.'

Their downtowns have been enhanced in much the same way as many British Columbia centres. The physical surroundings have become quite pleasant, more enjoyable for visitors or residents.

The communities themselves have fully embraced tourism as a keystone of their economy. This becomes apparent as you deal at a variety of businesses, from hotels to gas stations. The visitor senses a genuine welcome and hospitality, which often is more important than the facility itself. Discussions in Bend indicated that this was the result of hard work and training, not an accident or inherent attributes of the people.

In comparing these two outstanding 'resort town' experiences to their British Columbia counterparts, it appeared that this genuine commitment to tourism is their principal advantage. These towns started off much the same as ours, and the people are not fundamentally different.

It is obviously dangerous to generalize, but all in all, many of our communities that have such major tourism potential do not compare favourably with these 'best examples' found in the Pacific Northwest U.S.A. In those two, the surrounding community has become an integral part of the appeal, whereas we tend to rely on the 'attractions' themselves.

It is understood that programs exist to accomplish these goals, and that many B.C. towns are involved. Unhappily, some of those with the greatest need are the ones not participating. The ski industry, along with other tourism businesses in those communities, should use their best efforts to provide the necessary leadership.

Programs that are available and need community support are the Downtown Revitalization Program, the Community Tourism Economic Planning Service, and the Superhost - Encore programs of Tourism British Columbia. Communities such as Kamloops, Vernon and Kelowna, to name a few, have tremendous upside potential, by reviewing their commitment to tourism, and taking effective community action.

XI.

SOCIAL TRENDS IN TOURISM

THE EFFECT OF AIDS IN MARKETING RESORTS

It is difficult to find a daily newspaper or magazine currently that does not contain a story regarding AIDS. This disease has had a profound effect on society to date, and its future appears grim.

The number one, overriding concern of Californians has been identified as AIDS. This is of the entire population; not one segment. It is greater than concerns of nuclear war, balanced budgets, and other more conventional worries. This concern, of course, spreads far beyond California.

Changes in travel patterns and resort destinations will likely arise from this concern. In other words, vacations may become very much a way to spend time with someone you know well, as opposed to an opportunity to make new acquaintances.

This could well provide an opportunity for mid-size, more informal resorts to position themselves to compete with the 'majors' and their more sophisticated nightlife. If the 'singles bar' aspect of ski resorts is on the wane, there may be a greater opportunity for the "romantic country inns" of the industry to find a niche.

XII.

NEW TECHNOLOGY IN THE SKI INDUSTRY

QUAD EXPRESS LIFTS

Recent developments in ski lift design and technology are rapidly changing the competitive face of the ski industry. Conventional chairlifts, with two, three or four slat chairs, travel at a cable speed of 400 to 500 feet per minute. The grip is fixed on the cable, so the chair travels at a consistent speed, whether at the loading phase or on the line.

Express chairlifts, with four seats abreast, have a cable speed of approximately 1,000 feet per minute. The grip detaches at the top and bottom stations, allowing loading and unloading to be done at very low chair speeds.

The advantages of express lifts are that they have a very high capacity per hour (up to 2,600 vs. 1,200, fixed grip double) and cut the ride time to less than half. This feature is especially attractive on long lifts. In addition, they may be equipped with plastic bubbles, protecting the riders from elements such as wind or rain.

For consumers, especially those in the intermediate to advanced levels of ability, express lifts will mean more time spent skiing, with correspondingly less time riding lifts. If a skier's physical conditioning is up to it, then he or she will be able to make far more runs in a given time.

Skiers of all ability levels enjoy the ease and convenience of loading and unloading with express lifts. Chairs in stations travel at 'non threatening' speeds, increasing the ability to load every chair, without customers feeling rushed.

The principal disadvantage of express lifts is their cost. A major installation in British Columbia will cost from \$4.5 to \$5 million. This is as much or more than the total value of some mid-sized ski resorts. No matter how desirable express lifts may be from operational or customer service points of view, they will be impossible for most B.C. resorts to justify.

Care must be taken that slope capacity (downhill) is matched to new lift capacities (uphill). If they are not, the point of overloading is shifted from lift lines at the lift base, to the ski slopes themselves. This overcrowding diminishes skier enjoyment and satisfaction, and can create safety problems through increased collisions.

Should lift capacity exceed slope capacity, the excess traffic may create snow quality problems as snow is subject to wear. Increased grooming may not compensate for over use.

Skier use patterns may shift significantly. Once a resort installs an express lift, it may render the balance of its own equipment 'obsolete' by comparison. This was occurring at Mt. Bachelor during the research phase of this report. Use of fixed grip lifts was low, while lineups occurred for the two express installations. It may well be that one either provides a 'premium' product with all express lifts, or a 'standard' product with conventional equipment. The exception to this scenario would be the use of express lifts primarily for access.

Skiers tend to finish skiing earlier in the day when using express lifts. This will create new opportunities and demands on base area facilities, and thus an important design consideration. The quantity and quality of bar and restaurants, entertainment,

and other recreational options will be of increasing importance. With existing limited experience, it is impossible to quantify this trend, but it will be a definite issue in resort planning.

It is clear that where skiers have a choice between express lifts and conventional equipment, in the same area, they will go to the express route. It is not clear how much of a factor it is or will be in the actual choice of a resort. Obviously, the owners of destination resorts in Colorado, Mt. Bachelor and Blackcomb feel it will be significant.

It may be that the differences between large destination resorts, and their mid-size, regional competitors, will become greater in product and price. Successful mid-size resorts will have to offer consumers other advantages. They may include location, lack of crowds, atmosphere, children's programs, powder snow etc. Identifying a market niche and working hard to service it will become more important than ever.

COMPETITIVE REVIEW

RESORT ANALYSIS

Resort Name: Mt. Spokane

Location: Spokane, Washington

Access: Paved secondary road, 31 miles east of Spokane

Resort Classification: Local

Population: 1 hr - 350,000
3 hr - 600,000
6 hr - 1,300,000

Comfortable Capacity: 3,000 skiers at one time

Annual Attendance: 70,000 day and night visitors

Facilities:

Mountain: 5 double chairs, 2 ropetows

Base: 2 daylodges, cafeteria, bar, rental shop, ski school, condominiums - 125 units

Regional: City of Spokane which includes a broad selection of tourist facilities, including hotels, restaurants, bars, shopping and convention facilities.

Competition:

British Columbia: Red Mountain and Whitewater

Other: 49⁰ North, Chewelah, WA; Silverhorn, Coeur d'Alene, ID; Schweitzer Basin, Sandpoint, ID.

Subjective

Overview: Mt. Spokane serves exclusively as a local ski area for the greater Spokane area. It is a well-maintained, tidy area offering adequate snow fall, good grooming and standards of base area operations. The condominiums on the mountain are all privately owned and occupied by owners or their friends. The resort makes no attempt to involve them in a tourism marketing program.

The terrain of Mt. Spokane can generally be categorized as difficult. The resort is short of both beginner and intermediate terrain. Because of this Mt. Spokane's visitor levels fall far below what one would expect its opportunity to be. Its niche is largely the youth market, drawing heavily on high school and university students. This customer mix is quickly evidenced by the large number of bar seats in relation to cafeteria seats in the daylodge.

Mt. Spokane is owned by principals of the Riblet Tramway Company in Spokane. The company appears to be carrying very little debt and thus is likely operating in a marginally profitable position, even considering the extremely low attendance for its capacity.

Marketing Activities: Mt. Spokane appears to do almost no marketing. Season tickets are sold in the Fall and there is a general expectation that, if conditions warrant, skiers will come. Extreme discounting (\$5 day lift tickets) is used in periods of low attendance. This discount rate was applied daily by the very early date of March 11 in 1987. This deep discounting appears to have had very little effect on attendance levels. With a warm spring, the youth market of Mt. Spokane had moved on to other activities.

Through the Ski School, beginner programs are offered with modest marketing support. Budgets are very small and there is no effort to position the area as anything but a purely local facility.

Five Year Outlook: **Development:** The owners of Mt. Spokane appeared to have no substantial development plans in the foreseeable future.

Business Levels: Of all the resorts in the Pacific Northwest visited by the Consultants during the preparation of this report, Mt. Spokane appeared to have the

greatest untapped potential. Its easy access to a major metropolitan centre should provide far in excess of the present annual level of 70,000 visits (day and night) per annum. It would appear though that in order to better penetrate these available markets, Mt. Spokane would have to, within physical constraints, rationalize its product to provide a better experience for novice and intermediate level skiers. At present it is not popular with family groups from the Greater Spokane area, who prefer to ski at either 49⁰ North, Schweitzer Basin or the British Columbia Kootenay region.

Competitive Summary: In summary, it is not expected that Mt. Spokane will present any greater competition to British Columbia resorts in the foreseeable future. In fact, if Mt. Spokane were more aggressive in the development of new skiers, it could greatly enhance British Columbia's efforts to draw weekend and vacation skiers from this marketplace.

Resort Name: 49⁰ North

Location: Chewelah, WA

Access: Paved secondary road ten miles east of Chewelah; 90 miles (1 1/2 hrs) from Spokane. Airport - Spokane International Airport

Resort Classification: Primarily local, some regional destination

Population:

1 hr	-	30,000
3 hr	-	400,000
6 hr	-	1,200,000

Comfortable Capacity: 2,000 skiers at one time

Annual Attendance: Approximately 70,000 day visitors (range 60 - 80,000)

Facilities:

Mountain: 4 double chairlifts; 1,850 ft vertical drop. Good terrain mix.

Base: Large, attractive daylodge, bar, ski shop, ski school. 100 condominium beds 1 mile from base area. Recreational vehicle parking at base.

Regional: Limited motel, restaurant and bar facilities available in Chewelah.

Ticket Price: US\$18

Competition:

British Columbia: Kootenays - Red Mtn and Whitewater

Other: Mt. Spokane, Silverhorn, Schweitzer Basin

Subjective Overview: 49⁰ North is an attractive, mid-size day facility. It was originally developed in 1973 with the intention of positioning it as a regional destination resort. Due to distance and inaccessibility from other major urban centres 49⁰ has become and will likely remain primarily a local area serving Greater Spokane with modest regional resort business from the balance of central and eastern Washington State.

49° North gives the impression of a resort striving to do a good job with resources available. The employees were well-informed and friendly. In some aspects the resort did not appear to be keeping up with contemporary standards, primarily in grooming, signage and overall housekeeping.

Marketing Activities: 40° North is actively marketing in the Greater Spokane area. They are aggressive in both development of group business and entry level skiers. They have successfully found a niche in the Spokane area as a good resort for the budget-conscious family. The resort was responding to Mt. Spokane's deep discounting (\$5 all-day lift) with similar pricing in the Spring 1987 period. This did not appear to be producing any significant results, other than lower revenues per visitor.

Five Year Outlook: Development: There appears to have been very little additional investment at 49° North since its initial development in 1973. Present attendance does not justify any expansion of the mountain facilities. In the longer term the resort will be faced with replacement or upgrading of existing equipment.

An extensive master plan, including several additional lifts, expanded ski terrain, condominiums, recreation facilities and summer facilities, has been prepared. This plan appears to be very aggressive considering available markets and the realities of existing business. However, base area development of regional tourism facilities could be slowly phased in with expansion as warranted.

Business Levels: 49° North will continue to be a strong contender in the Greater Spokane market. Its ability

to expand beyond the present business levels will be dependant upon the regional ski industry's ability to generate larger numbers of skiers from the Greater Spokane-Eastern Washington markets. 49° North will be faced with increasing competitive pressure from Schweitzer Basin, Silverhorn, as well as the Kootenay region of British Columbia.

One can expect that the regional tourism market of eastern and central Washington will experience increasing competition between British Columbia's Okanagan, Kootenay and Rockies regions, as well as Schweitzer Basin and Big Mountain MT.

Resort Name: Schweitzer Basin

Location: Sandpoint, ID

Access: 11 mile secondary road from Sandpoint. Good highway access to Spokane, WA (75 miles). Airport access - Spokane International Airport.

Resort Classification: Regional Destination

Population:

1 hr	-	30,000
3 hr	-	400,000
6 hr	-	1,300,000

Comfortable Capacity: 4,000

Annual Attendance: 130,000

Facilities:

Mountain: 7 double chairs, 1 T-bar, 2,000 ft vertical drop. Broad selection of terrain in a large ski area.

Base: Daylodge including cafeteria and bar; ski shop; rental shop; ski school; deli; 36-room lodge, and rental condominiums; restaurant; chapel; cross country skiing.

Regional: Town of Sandpoint 11 miles (20 mins); 12 motels and hotels, 650 rooms - 2,000 beds; restaurants, bars, shopping, summer resort facilities.

Ticket Price: US\$19.00

Competition:

British Columbia: Kootenays - Red Mtn, Whitewater, BC Rockies - Panorama, Kimberley, Fernie

Other: Mt. Spokane, 49⁰ North, Silverhorn, Big Mountain, Whitefish MT.

Subjective Overview: Schweitzer Basin is a large ski resort offering a good variety of terrain. Snow is generally quite reliable, although the 1985-86 ski season was a disaster with attendance dropping to a low of 65,000 visitors.

As a regional destination ski resort, the base facilities on mountain do not offer a comparable experience to the ski product. Real estate and lodging development was done on a scattered basis. Access from accommodation to ski slopes ranges from very good to very poor. The resort does not have a comprehensive village feeling. Comments from overnight guests reflect that there is very little other than skiing on the mountain, with a narrow range of facilities and amenities.

As a regional destination ski resort, Schweitzer Basin is successful only in the Spokane and Eastern Washington markets. Ninety percent of its business comes from within a 3-hour radius. The resort is at a disadvantage competing for the Alberta market as it is more distant than the BC Rockies or The Big Mountain, Whitefish MT. It is not a major competitor in the western Washington market (Seattle). Management plans to increase its efforts in that direction.

The mountain facilities at Schweitzer Basin are now over-developed for their existing, or realistic potential markets. The area, employing 18 full-time ski patrolmen, has a major commitment to avalanche control work, and is faced with high grooming costs because of the extensive terrain available.

The community of Sandpoint, 11 miles distant from the resort, is one of Schweitzer Basin's strongest attributes. The town, with a very pleasant resort feeling, offers a broad range of accommodation, restaurants and bars, all located within easy walking distance in a pleasant "old West" downtown. Sandpoint is also a summer destination and thus gives the impression of a town very committed to Tourism. The old West flavour been a strong selling point in the Alberta market, especially with groups.

Marketing Activities: New management at Schweitzer Basin (commencing Fall 1986) has re-defined Schweitzer's key target areas as being Greater Spokane-Eastern Washington. Previous to this point the resort was operating on a very broad base, including Alberta and western Washington. Although work will continue in those market areas, it will be on a secondary basis. With limited marketing funds available, Schweitzer is obligated to focus its efforts on areas of greatest potential gain.

In more distant market areas, one can expect that Schweitzer will focus on group traffic, and with the strength of its regional facilities, will be reasonably successful.

Schweitzer Basin receives limited support in its marketing efforts from the business community of Sandpoint, or the independant lodging facilities on the mountain.

Schweitzer Basin is very involved in entry-level programs such as "Let's Ski America," school groups and other programs.

Five Year Outlook: Development: Schweitzer Basin is owned by a privately-held, major local corporation with diverse interests. Its owners bring financial strength and security to the resort. Correspondingly they expect that any capital investment will be based on sound economics.

A master plan has been prepared for the area, but it is unlikely that, with the exception of re-alignment or re-location of some lifts, development will occur until it is justified by increased attendance.

Re-investment in new equipment may be the only way of lowering extremely high operating costs. The resort is the product of early 1960s design with all the problems of the late 1980s.

Business Levels: Schweitzer Basin stands to make substantial gains in the overall Eastern Washington market. It is going to, however, find it increasingly difficult to maintain its regional tourism business from greater distances, i.e. Alberta, Western Washington, as competition increases from such areas as Banff-Lake Louise, Whistler, and Mt. Bachelor.

Schweitzer Basin also competes directly with The Big Mountain at Whitefish, which will be an increasingly tough competitor in the coming years.

Summary: Schweitzer Basin will continue to be a competitor, especially for the Southern Alberta "group" market, with resorts in the B.C. Rockies, and for the Spokane market with the Kootenay region. It is unlikely that anything in the foreseeable future will change their existing competitive position with British Columbia resorts.

Resort Name: The Big Mountain

Location: Whitefish, MT

Access: Paved secondary road, 8 miles NE of Whitefish Airport - Glacier Park International Airport 19 miles; AMTRAK - excellent service from Seattle and the Great Plains States.

Resort Classification: Regional destination

Population: 1 hr - 50,000
3 hr - 125,000
6 hr - 2,000,000+

Annual Attendance: 235,000 (5-year high and low 256,000-176,000)

Facilities:

Mountain: Vertical drop: 2,170 ft. Six chairlifts (four triples, two doubles). One T-bar

Base: Commercial lodging for 1,500 guests; cafeteria, six restaurants, three bars plus one Beerstube mountain top cafeteria.

Regional: Whitefish (8 miles) Kalispel (30 miles) offer full resort facilities in both towns including extensive lodging, restaurants, bars and shopping.

Ticket Price: US\$18.00 all day adult

Competition:

British Columbia: BC Rockies, Kootenays, Okanagan, and Whistler Mountain

Other: Jasper, Banff-Lake Louise, Big Sky MT, Jackson Hole WY, Sun Valley CA

Subjective Overview: Without question The Big Mountain is one of the finest regional ski facilities to be found North America. The mountain is large and has a wide variety of interesting terrain for all ability levels. The resort is exceptionally well-run by a strong management team who are in the forefront of the ski industry.

Management of The Big Mountain have a very clear understanding of their product, who their markets are and where they wish the resort to go. They regard Big Mountain as virtually an "Alberta"

ski resort as fifty percent of their skiers are from that Canadian province. They are by far the largest single destination for skiers leaving Alberta.

The towns of Kalispel and Whitefish have been very instrumental in this success. There appears to be a clearly understood mission in these communities of providing a first-class tourist product, both on and off mountain. This is evidenced in the genuine hospitality offered in the local hotels, stores, restaurants and bars. A great deal of the appeal to Alberta skiers, aside from the actual mountain product, is the perceived cultural and hospitality difference offered by the region, as compared with closer Canadian resorts and towns.

The only serious negative for The Big Mountain is the poorly laid out, anachronistic base area at the mountain: a collection of hotels, restaurants, ski shop, ticket office etc. strung out along the edge of the major parking lot. This, with the large volume of parked cars and traffic, detracts from the ambience one would expect of a good regional mountain resort.

Marketing Activities: A full fifty percent of The Big Mountain's attendance is generated by Alberta visitors. That province thus represents the substantial portion of The Big Mountain's marketing efforts. The Big Mountain also promotes actively on the Canadian Prairies, the Great Plains of the United States as far east as Minneapolis, in Spokane, and the Greater Seattle region.

The Big Mountain has established a very loyal following in Alberta, especially in the Calgary market. They enjoy very strong travel industry support with several tour wholesalers operating programs into Whitefish. Included in those programs has been a major charter operation conducted by Pacific Western

Airlines (Canadian Airlines International). Many of the tour wholesalers operating from Calgary and Edmonton promote two and three-day weekend bus tours.

The Big Mountain also receives substantial support for its marketing programs from other aspects of the Whitefish-Kalispel business community. Often seen at ski shows and other consumer functions are representatives of the Bierstube (on-mountain bar), Cavanaugh's Motor Inn (Kalispel), The Outlaw Best Western (Kalispel), the Grouse Nest Resort (Whitefish) and other properties. This support from the community is as significant as any seen during the review of American ski areas.

Marketing budgets at The Big Mountain are within industry norms, but the resort company has been most successful in expanding their effectiveness through co-operative programs with local properties, airlines and tour operators.

The Big Mountain de-emphasized its promotions in Seattle two years ago, and business levels dropped fairly dramatically. They have since re-established that region as a prime market and are working hard with SkiPak and other members of the travel industry to promote there. Their principal product in Seattle is an Amtrack ski holiday package.

Five Year Outlook: Development: Management of The Big Mountain has clearly identified the shortcomings of the resort and plans a capital program to address them. Principal amongst these is the lack of a cohesive village centre and interference of vehicles and parking with resort centre activities. A new base area is planned for a site some 300 vertical feet below the existing one. A gondola would be constructed from the Village centre to the summit of the mountain. This would also alleviate some access and lift alignment problems.

Management of recognizes that existing debt levels must be reduced before it is feasible to embark on new capital expenditures. It would, however, be reasonable to expect further development at The Big Mountain to occur within the next five years.

Business Levels: The Big Mountain will continue to be a highly competitive destination ski resort in the market areas outlined earlier. As mountain facilities, especially the new base area, are developed, there will be positive reaction from skiers. The Big Mountain can likely expect to see continuing modest but steady growth during the next five years.

Competitive Summary: The Big Mountain is British Columbia's most substantial competitor for the Alberta market. The excellence of its product, combined with the "foreign" ambience and hospitality will continue to be a strong draw for Canadian skiers.

The Big Mountain represents substantial competition for the Okanagan, the Kootenays and B.C. Rockies resort regions of British Columbia in the Spokane and Seattle markets. It is doubtful that their position as a leader of Pacific Northwest regional destination resorts will change. Any of the mid-size British Columbia resorts promoting in Alberta, Spokane or Seattle, should be familiar with The Big Mountain and the product it offers.

Resort Name: Big Sky of Montana

Location: 45 miles SW of Bozeman, MT

Access: Excellent paved highway from Bozeman (US191)
Airport - Bozeman

Resort Classification: Regional destination

Population: 1 hr - 30,000
3 hr - 200,000
6 hr - 400,000

Comfortable Capacity: 3,000 skiers at one time

Annual Attendance: 110-130,000

Facilities:

Mountain: 2,800 vertical ft. Two gondolas; 1 triple chair; three double chairs. The mountain offers good intermediate skiing and reliable snow.

Base: 1,500 beds in two hotels and various condominiums. 6 restaurants; variety of bars, lounges, discotheques and stores. Big Sky has summer facilities including riding, tennis, fishing, golf etc.

Regional: Approx. 300 dwelling units are available in condominiums and lodge in the surrounding ten miles.

Ticket Price: US\$ 22.00

Competition:

British Columbia: BC Rockies

Other: The Big Mountain, Whitefish MT; Banff-Lake Louise; Red Lodge MT; Bridger Bowl, Bozeman MT; Jackson Hole, WY.

Subjective Overview: Big Sky can be summarized as the classic example of "great vision meeting overwhelming reality."

Big Sky has virtually no local market and depends on destination tourism for in excess of ninety percent of its visitation. As a destination resort it is both distant from markets and very

inaccessible. Its gateway airport of Bozeman offers a modest level of service and cannot be considered a positive factor. Although the highways leading to Big Sky are good, the distances to population centres are great.

Big Sky has developed a loyal following in Southern Saskatchewan, Manitoba and the American mid-West including Minnesota, North Dakota and South Dakota. However, those regions do not offer a large enough concentration of population and they are, of course, attracted to many of Big Sky's competitors as well.

Big Sky was initially a joint venture of several major US corporations, led by the Chrysler Corporation through their realty arm. Promoted by media star Chet Huntley, development proceeded until Chrysler Realty both ran out of money, and realized the depth of their problem at Big Sky. It was sold to a successful Michigan ski area operator who has operated the resort since the mid-70s. There has been very little capital investment since that time.

The base area has an impressive hotel, offering good access to skiing, and excellent facilities. Alongside this is a base facility building including a small shopping centre, restaurants, gondola station, outdoor crew headquarters etc. That building clearly exhibits the point at which Chrysler Realty ceased expenditure as expensive cedar changes abruptly to plywood.

The valley offers good scenic possibilities, but has been the victim of extensive clear cutting in its lodgepole pine forest. That gives the valley a feeling of being somewhat desolate. On the mountain the same clear cut logging practices were followed, with most runs cut to excessive widths, perhaps three or four times more so than necessary. This creates grooming and wind-scour problems and a feeling of poor aesthetics.

The management of Big Sky does not appear to be in step with contemporary operating philosophies of major North American ski resorts. As an example, the ski school annually imports a substantial number of its instructors from Austria. That has not been the preference of North American consumers for a considerable time.

The area reflects poor attention to detail. The conduct of many company employees in public areas was undesirable, uniform standards were non-existent and many of the activities of the resort appeared unfocused.

Marketing Activities: Most of the 135,000 skier visits that Big Sky enjoyed in the 1986-87 ski season were destination visitors. If the resort had a local market, the resulting mix of visitors would have produced satisfactory attendance.

Big Sky's greatest area of success has been the Prairie areas, both American and Canadian, from Minneapolis and Winnipeg west. They do, however, market the resort on a national scale in the United States and are reputed to spend as high a percentage of their gross sales on marketing as any American resort. Overall their marketing must be considered to be as aggressive as one would find for a resort of comparable size.

Five Year Outlook: Development: It is unlikely that there will be development of any magnitude at Big Sky for the foreseeable future. Existing facilities are under-utilized, both on the mountain and in the base area. There may be a small amount of "in-fill" condominium development in the immediate base area. The surrounding valley appears to have a surplus of available real estate.

Discussions with management of Big Sky indicated the owners have no immediate expansion plans.

Business Levels: Due to the remoteness and difficult access of Big Sky from major markets it is unlikely that their level of business will substantially change in the next five years. They have achieved a reasonable market niche in the U.S. and Canadian Prairies and some tourism from all over the United States. Strong marketing activity will be required to simply maintain this attendance level without achieving meaningful increases.

Competitive Summary: Big Sky is competitive with the B.C. Rockies for markets in Saskatchewan and Manitoba, where they have a loyal following. It is unlikely that their relative competition position with B.C. will change in the foreseeable future.

Resort Name: Jackson Hole

Location: Jackson, WY

Access: Airport Jackson, WY, or Idaho Falls

Resort Classification: International Destination

Population: 1 hr - 10,000
3 hr - 200,000

Comfortable Capacity: 3,000

Annual Attendance: 207,000 max

Facilities:

Mountain: Vertical drop 4,139 ft. One aerial tramway, one triple chair, three double chairs. Mid-mountain restaurant.

Base: Hotels and condominiums 2600 beds. Variety of restaurants, bars, shops, recreational amenities including cross-country skiing, swimming pools, hot tubs, snowmobiling.

Region: The town of Jackson, 12 miles by good level highway from Jackson Hole offers 5700 beds, all facilities and amenities expected in a major resort town.

Ticket Price: US\$26.00 adult day. Tramway requires surcharge of \$2 per ride.

Competition: Jackson Hole's mountain and village facilities position it as a major destination ski resort. Although the resort offers large amounts of good intermediate ski terrain, its appeal is primarily to expert skiers. For this market it competes on a world-wide basis.

Subjective Overview: Jackson Hole's large vertical and its vast area of high quality, expert ski terrain, combined with frequent, deep snowfalls provide an alpine ski resort experience just short of helicopter skiing. Complimenting this is Apres-vous Mountain, adjacent terrain offering excellent intermediate skiing.

At peak times, the tramway ski experience is not readily available, as its very low hourly capacity (250/hr) severely limits use. One low-capacity double chairlift services some of the expert terrain also available by tram.

Teton Village, located at the base of the mountain, is as attractive a development as one will find in North America. The village is an excellent compromise of automobile access to a pedestrian oriented village. Located on a flat, spacious site, the village offers every amenity required for an excellent ski holiday. All aspects such as roads, parking lots and buildings appear to be very well cared for.

The employees quite friendly, welcoming and helpful to customers.

The town of Jackson, 12 miles from the resort, is probably the ultimate "western" resort town. Located at the south entrance of Yellowstone National Park, it serves primarily as a major summer resort. Its theme of Old West architecture with most restaurants, bars and shops 'in step' makes it a most attractive tourist destination. The people in service positions in Jackson clearly understand the town's "mission" in the tourism business.

Although Jackson has its own ski area, Snow King Mountain, located immediately adjacent to the town, it does very little ski business during the winter. Snow King is an expert area, used primarily by locals. It offers a \$15.00 all-day chairlift ticket versus Jackson Hole's \$26.00. Most tourism in Jackson during the winter season consists of snowmobilers accessing the southern end of Yellowstone National Park. A large fleet of rental snowmobiles is available.

Jackson Hole's major weakness is its inaccessibility. It stands as clear proof of the rule that ski facilities should be

developed whenever possible near population centres, and for destination tourism within reasonable access by air and highway.

Marketing Activities: Jackson Hole's target market has historically been expert skiers looking for large vertical, steep and deep skiing. Although the resort is trying to shake that image with promotions also geared to their intermediate terrain, it has been difficult to change.

Because of its narrow primary appeal, Jackson Hole is forced to use "shotgun" marketing right across North America. These marketing problems are exacerbated by the fact that Jackson Hole is a most difficult area to reach. Service by Western Airlines to the Jackson Airport was cancelled in mid-winter this past season, due to a large frost heave in the runway. Service into the nearest major airport, Idaho Falls, can best be described as spotty. To overcome these problems, Jackson Hole has had some success with independent charter operators and, during the past year, operated their own major charter program. Service was offered daily from Chicago, utilizing an American Airlines 737.

Jackson Hole's very aggressive approach in chartering its own aircraft, likely resulted in an increase of some 40,000 visits to the mountain. However, it also resulted in a loss to the lift company and partner hotels of some \$700,000.00 on the charter operation itself.

On an historical basis, Jackson Hole spends some 15% of its gross revenues on marketing. Although they wish to lower this percentage, the overall marketing mission in North America is most difficult. The lift company receives very little help in marketing from its village hotels.

Harry Baxter, the long-standing Director of Marketing at Jackson Hole is acknowledged as an expert in his field. However, his challenge is enormous due both to Jackson Hole's specialized image and inaccessibility.

Five Year Outlook: Development: In order to solve the problems of limited tramway capacity, Jackson Hole plans to add two quad fixed grip chairs and one Poma lift, providing parallel service to the summit of Rendezvous Mt. While these lifts will certainly provide much greater access, they will also somewhat detract from the existing character of Jackson Hole. Powder snow will be skied out that much faster and as much terrain is too steep for grooming vehicles, the result could be huge, unpleasant mogul fields.

It is likely that cash flow will have to substantially improve in order to justify this capital expenditure. The base area at Jackson Hole has shown modest but steady growth during the past several years. One can expect this growth to continue as business levels warrant, with additional inns and condominium projects.

Business Levels: Additional lift capacity on Rendezvous Mountain should, on the overall, enhance Jackson Hole's image with expert skiers. Existing tramway surcharges and line-ups are very negative to the destination vacation skier. However, Jackson Hole's inaccessibility will always make the resort a difficult sell. Optimistically, business may increase to the range of 250,00 skiers per annum in the next five years.

Summer sightseeing on the tramway, presently one of the economic mainstays of the lift company, will continue to play an important role in future years. Revenues from sightseeing operations are

substantial as the tramway operates at virtually full capacity from mid-June to mid-September.

Competitive Summary: Jackson Hole will continue to be a North American wide competitor for both the expert skier and some segments of group travel. For both these markets the positives of Jackson Hole outweigh the negatives.

Jackson Hole is very vulnerable to the new high-speed express lift technology. The resort would be most likely perfect for this type of installation, but the economics could not be justified. While the tram itself is a very high speed lift, its chairlifts will continue to operate at conventional speeds. This will put Jackson Hole at some disadvantage to its major competitors as a North American destination ski resort.

Resort Name: Grand Targhee

Location: Alta WY, via Driggs ID

Access: Hwy 26 from Idaho Falls. Airport Idaho Falls

Resort Classification: Regional Destination

Population: 1 hr - 10,000
3 hr - 150,000

Comfortable Capacity: 1,700

Annual Attendance: 80,000

Facilities:

Mountain: Vertical drop 2,200 ft. Three double chairlifts

Base: Daylodge, restaurant, bar, ski shop, 400 beds - condos.

Region: Limited motel beds in Driggs, Jackson Hole and Jackson WY, approximately 40 minutes by highway (High pass).

Ticket Price: US\$19.00

Competition: Jackson Hole, Snow King, Jackson and Sun Valley, ID

Subjective Overview: Grand Targhee is a very pleasant mid-sized resort. A surprisingly large amount of terrain is well serviced by its three double chairlifts. This terrain is primarily intermediate and upper intermediate. The area is famous for large quantities of dry powder snow. Spectacular scenery is an additional positive aspect.

The base area, although quite pleasant, does not give the impression of a regional resort, but rather of a day area. The location of the condominium units is slightly removed and does not contribute toward a "village" atmosphere.

Grand Targhee, along with Jackson Hole WY, suffers from its inaccessibility to major markets. Its primary markets are Idaho Falls and surrounding communities, which are relatively limited.

Marketing Activities: Grand Targhee was originally touted as a new major destination ski resort for the United States market. It has not succeeded in this goal however. Marketing activities are now limited to consumer awareness advertising in magazines and periodicals. The area does attract a loyal clientele from distant locations, but they are far too scattered for any comprehensive marketing effort. Its major business is drawn from Southern Idaho.

Grand Targhee has a very parasitic relationship with Jackson Hole as it operates an inexpensive bus service from Teton Village and the town of Jackson, offering discounted lift tickets. It does no joint marketing with Jackson Hole to increase that base of customers. This would appear to be a strategic error as the two resorts are very complimentary and Grand Targhee is close enough to Jackson Hole to draw reasonably from its visitor base.

Five Year Outlook: Development: It is unlikely that there will be any major development at Grand Targhee in the foreseeable future. Business levels cannot be expected to change substantially and the facilities offered now are very adequate for present levels of attendance.

Competitive Summary: Grand Targhee cannot be considered to be competition to any British Columbian ski resorts.

Resort Name: Sun Valley

Location: Southern Idaho

Access: Various interstate and local highways.
Airport gateways Boise, Idaho Falls and
Twin Falls, ID and Salt Lake City UT

**Resort
Classification:** International destination resort

Population: 1 hr - 20,000
3 hr - 200,000

**Comfortable
Capacity:** 10,000

Annual Attendance: 300,000 - 450,000

Facilities:

Mountain: Vertical drop 3,400 ft. 16 chairlifts (8 triple, 8 double); four on mountain restaurants.

Base: The base area of Sun Valley is considered to be Sun Valley Village, Ketchum, Elkhorn and Warm Springs. Facilities include accommodation for 8,000 persons, a large variety of restaurants, bars, lounges, discotheques and shops of every type. Sun Valley offers a very wide variety of non-ski recreation including swimming, skating, snowmobiling and a great range of summer activities.

Ticket Price: US\$27.00

Competition:

British Columbia: Sun Valley is a major international destination resort that draws heavily from the entire Pacific Northwest, including a loyal following of skiers from British Columbia and Alberta. Sun Valley presents strong competition to the British Columbia holiday market in Spokane, Seattle and Portland regions.

Other: Sun Valley's position as an international destination means that, simplistically put, it competes with destinations around the world, including Europe, all of North and South America and New Zealand.

Subjective Overview: Sun Valley recently celebrated its 50th anniversary. It was founded in 1936 by the Chairman of the Union Pacific Railroad, a time when such a resort was not available anywhere else in North America. Because of its long history and a name made famous through countless movies and much imaginative publicity, Sun Valley somewhat overcomes the usual negative business experience of isolated destination resorts. It should be noted though that were Sun Valley located near a major population centre, and an international airport, attendance would probably double.

Sun Valley Resort, including the stately old Sun Valley Lodge and surrounding condominiums, is a luxurious facility. The total area though, including Elkhorn, Ketchum and Warm Springs, offers a variety of accommodations geared to almost every type of vacationing skier. Restaurants range from elegant gourmet to family style and evening entertainment offers good variety.

Most employees encountered on the mountain, and in the general Sun Valley area, were friendly and helpful. Although many of the employees are recruited from distant areas they appear to have avoided the "them and us" syndrome prevalent in customer relations at destination resorts.

The mountain at Sun Valley is amongst the best ski mountains in North America. With a vertical drop of 3,400 ft, it offers a vast range of terrain for all levels. The lift system, although ageing, is well-placed and effective.

Marketing Activities: Sun Valley, through its winter, summer and real estate operations, is a very active and professional marketing company. Sun Valley has achieved an excellent relationship over the years with a wide variety of charter operators, wholesalers, ski clubs etc. This network within the

ski travel industry has created an effective sales situation for Sun Valley.

Sun Valley promotes itself as a premium product for destination skiers willing to pay a premium price. This is reflected in the level of service offered throughout the resort, as well as in the price of those services.

Five Year Outlook: Development: Sun Valley went through a real estate boom during the 1970s when most of the existing bed base was developed, largely in the form of condominiums. It is unlikely that this pace of development will return, but there is steady infill growth within the Valley.

In order to remain competitive as a world class destination resort, Sun Valley will be obliged to address the type of lift equipment currently offered on its mountains. With the move to 'express' lifts at most of its major competitors in Colorado, Bachelor and Whistler, they are facing substantial re-investment costs in order to remain a "premium destination." If the company follows that direction, five or six express lifts could easily be installed. The result would be expenditures difficult to justify with existing levels of business.

Business Levels: Although Sun Valley's overall attendance did grow during the 1970s, the period since 1981 has been one of primarily market maintenance. Due to its isolated location, Sun Valley has been unable to enjoy the type of attendance figures found at some of its major competitors in Colorado, Utah and California. Its major marketing activities are required for on-going maintenance.

Competitive Summary: Sun Valley will always be a very major competitor for British Columbia resorts in the 'up-scale'

vacation market. It has amongst the most loyal clientele one would find anywhere. Generally they are very willing to put up with erratic snowfall and difficult access in order to enjoy the overall amenities and prestige offered by Sun Valley. While the resort is primarily geared to more affluent customers, the wide variety of condominiums etc. also makes it an economic destination for a broader section of the market. Sun Valley is a major competitor for British Columbia in Los Angeles, San Francisco, Portland, Spokane and the Greater Seattle area.

Resort Name: Bogus Basin

Location: Boise, ID

Access: Paved secondary road 26 kms to Boise

Resort Classification: Local

Population: 1 hr - 200,000
3 hr - 300,000

Comfortable Capacity: 3,500

Annual Attendance: 100,000 (1986-87), 200,000 (1985-86)
Record: 250,000

Facilities:

Mountain: Vertical Drop 1,800 ft; six double chairlifts, 4 ropetows, 2 daylodges with bars, restaurant, ski shop. Condominium accommodation for 300 persons. Night skiing.

Regional: The city of Boise, located 45 mins from the ski area, offers all amenities one would expect in a mid-size city.

Ticket Price: US\$18.50

Competition: Sun Valley, Brundage Mountain

Subjective Overview: Bogus Basin is a very well operated major local ski facility. Owned by the community and operated as a non-profit society, it has effective management who have a very clear idea of Bogus Basin's competitive position. Although there are 300 condominium-style beds available on the mountain, Bogus Basin does not consider itself a regional destination. Ninety percent of the skier attendance is generated from people who live within 1 1/2 hrs of the resort.

The 1986-87 ski season saw very poor ski conditions through Christmas and the very early Spring, resulting in a dramatic decrease in attendance.

Marketing Activities: Bogus Basin primarily concerns itself with the wide range of marketing activities necessary for a good local ski resort. They are very active in developing entry level skiers and have active youth and adult racing leagues.

Five Year Outlook: Development: Development at Bogus Basin will be modest during the foreseeable future. The area presently offers reasonable capacity for its market, and since population growth in that market is modest, expansion will likely be unnecessary.

Bogus Basin has an active commitment to keeping its equipment updated and one can expect to see capital replacement of ageing facilities, rather than development of new terrain.

Business Levels: Bogus Basin generally enjoys very stable business levels, dependent upon snow conditions. It is unlikely that this trend would change.

Competitive Summary: Bogus Basin cannot be considered to be a competitor to British Columbia ski resorts.

Resort Name: Mt Bachelor

Location: Bend OR

Access: Paved highway. Bend 22 miles.

Resort Classification: Regional destination

Population: 1 hr - 400,000
3 hr - 3,000,000
6 hr - 13,000,000

Comfortable Capacity: 14,000 skiers

Annual Attendance: 620,000 (1986-87), 540,000 (1985-86)

Facilities:

Mountain: 10 chairlifts (4 double, 4 triple, 1 triple express, 1 quad express). Vertical drop 3,100 ft. Five on-mountain restaurants. Large bar. Ski shops, ski school etc. No on-mountain accommodation is available.

Region: The town of Bend offers accommodation for in excess of 5,000 persons, complete with restaurants, bars, shops, and all other recreational amenities.

Ticket Price: US\$21.00

Competition:

British Columbia: Mt Bachelor is a very serious competitor for the entire Pacific Northwest market, primarily Greater Seattle and Portland. In this respect it competes with all BC ski regions.

Other: Mt Bachelor competes with Sun Valley, Utah, Colorado and Northern California resorts.

Subjective Overview: Mt Bachelor is a major, well-run aggressive competitor that has shown phenomenal growth in the past decade. The mountain, well-known for reliable, good quality snow, is situated in a very advantageous location. Within its local market is all of Western Oregon, including such centres as Portland, Salem and Eugene. The availability of almost three million people in its immediate region, without excessive competition, has given Mt Bachelor an enviable position. The

mountain has responded by being most aggressive with its development of on-mountain facilities, including the first express lifts in the Pacific Northwest. In the past three years, the resort has built two and is committed to building new express lifts as quickly as cash flow will allow. A third will open for the 1987-88 winter season.

The on-mountain ancillary facilities at Mt Bachelor are of high quality with good restaurants, day lodges, ski shop, parking facilities, etc. all conveniently located.

In normal circumstances, the lack of on-mountain accommodation could be considered a serious disadvantage, but in the case of Mt Bachelor it has not proven so. The town of Bend, 22 miles from the ski resort, has many similarities to British Columbia communities. In the past it was heavily dependent upon forestry and agriculture as its economic base. It has, however, embraced tourism with enthusiasm and now offers vacationing skiers an excellent destination. The town offers a wide range of accommodation, restaurants, bars, shops as well as other recreational facilities. Nearby, two major resorts - Inn of the Seventh Mountain and Sun River, offer full facilities. These are both year-round operations which relate well to Mt Bachelor, providing a strong four-season draw.

Virtually all aspects of the Bend-Mt Bachelor ski experience are positive. The resort offers a high quality of grooming, friendly, well-trained employees, attractive surroundings and first-class lift facilities. The town of Bend offers reasonable prices, good service with a wide variety of options.

Marketing Activities: Mt Bachelor is very aggressive, working in both its local and more distant markets, including the Greater Seattle and Northern California regions. The resort co-operates

with the local accommodation industry in providing packages, selling with tour operators and wholesalers.

Mt Bachelor has achieved a strong niche for its product as a large, regional destination resort, offering first-class facilities at moderate prices. They are aggressively working to extend this image.

Five Year Outlook: Development: Mt Bachelor is a well-financed, strong company, committed to major expansion. Within five years they plan to replace most of their existing fixed grip chairlifts with new express lifts. They intend to expand their terrain as the market allows. Mt Bachelor is aggressively working to expand their business levels. They have recently made major inroads in the San Francisco-Northern California markets and are successful in Greater Seattle. Attendance figures for Mt Bachelor can be expected to increase during the next five years.

Competitive Summary: Mt Bachelor is British Columbia's major competitor for the Pacific Northwest ski vacation market. It is becoming well-known to skiers throughout the Pacific Northwest in a most positive way. Factors in its favour are location, moderate prices, high quality service, reliable snow, modern lift technology, broad accommodation base and strong community support.

Mount Bachelor's upper express lift, serving the summit of the mountain, provides excellent summer skiing. It is now the summer training centre for the U.S. National Ski Team, as well as many camps. It will be strong and direct competition with Whistler for this market.

When British Columbia resorts are promoting in the Greater Seattle-Pacific Northwest markets, they must be ready to respond to the market appeal of this formidable competitor.

Resort Name: Mt Hood Meadows

Location: 65 miles east of Portland OR

Access: Highways I-5, 84 and 35
Air and AMTRAK service to Portland

Resort Classification: Local

Population: 1 hr - 1,500,000

Comfortable Capacity: 6,000

Annual Attendance: 400,000 (1986-87), 300,000 (1985-86)

Facilities:

- Mountain:** Vertical drop 1,775 ft. Lifts: 8 chairlifts (7 double, 1 triple). Snowfall - major season mid November - mid May.
- Base:** Two daylodges with a wide variety of restaurants and bars, retail and rental ski shops, ski school.
- Regional:** Mt Hood Meadows serves almost exclusively as a day area for the Greater Portland region.

Ticket Price: US\$20.00

Competition: Mt Hood - Timberline Lodge

Subjective Overview: Mt Hood Meadows is a large, well run ski facility. Management have a clear understanding of the resort's local market niche and have no intention of attempting to diversify into regional tourism.

The base facilities are impressive, with well-laid out paved parking lots, attractive daylodges with excellent food services. The resort is very active in the development of new skiers and offers excellent innovative programs for those entering the sport.

Mt Hood Meadows has extremely changeable weather patterns as it is located on the flank of a large, isolated volcano of the same name.

Marketing Activities: Mt Hood Meadows is an aggressive competitor with an excellent marketing department. They have achieved good co-op programs with a range of other enterprises in the region and spread their message effectively. As mentioned above, their programs for entry level skiers are as good as anywhere in North America.

Five Year Outlook: Development: Mt Hood Meadows has completed a new master plan. The next five years should see the addition of new terrain and lifts as well as the replacement of ageing equipment. Management does not believe that high speed express lifts will be needed at their mountain.

Business Levels: Mt Hood Meadows has every expectation of reasonable growth over the next five years, primarily from the Greater Portland markets.

Competitive Summary: Mt Hood Meadows does not represent direct competition to British Columbia ski areas. Rather they are a major generator of skiers within the Greater Portland region, thus can be considered an asset to British Columbia areas that promote in that market.

Resort Name: Timberline Ski Area

Location: Timberline Lodge, ORE, 65 miles east of Portland

Access: Paved highway - Highways 84 and 26

Resort Classification: Ski facilities - local; hotel - regional destination

Population: 1 hr - 1,500,000

Comfortable Capacity: 2,000

Annual Attendance: 150 -200,000

Facilities:

Mountain: Five double chairlifts (3 winter, 2 summer) new daylodge, restaurant, ski shop

Base: Timberline Lodge offers accommodation for 150 guests.

Ticket Price: US\$16.00

Competition: Mt Hood Meadows, Mt Bachelor

Subjective Overview: Timberline Ski Area is primarily a local Portland area offering intermediate skiing. Located on a high, isolated volcano, the weather patterns can be very changeable and although the area is known for great snow depths, it is also known for bad weather. This characteristic is shared with its neighbour on Mt Hood, Mt Hood Meadows.

Timberline Lodge, built by the Public Works Administration during the Depression, is a National Historic Monument. The Lodge is unique within the North American ski experience, offering delightful accommodation, restaurant facilities and bar, all with a most distinctive and pleasant character.

Timberline Lodge is a well-operated hotel and ski area. Management have a very clear understanding of the resort's markets and abilities.

Marketing Activities: Timberline Lodge promotes primarily in the local Portland area, offering good value as well as extensive entry level programs.

Timberline Lodge Hotel facilities are marketed discreetly on a North American-wide basis. The hotel is home in summer to various ski camp operations, as well as a now developing tour business.

Five Year Outlook: Development: Timberline Ski Area is replacing its oldest lift this summer with a new fixed grip triple chairlift. They do not expect to add significant terrain or ski facilities in the next five years.

Business Levels: Timberline Lodge will continue to be a successful local area in the Portland market with stable business levels. The summer ski product at Timberline is now facing strong competition from Mt Bachelor, two and a half hours to the South.

Competitive Summary: Timberline Ski Area and Lodge do not represent competition to the British Columbia ski industry. They will continue to serve primarily as local facilities.

Resort Name: Crystal Mountain

Location: 76 miles SE of Seattle

Access: Highways I-5 and 410

Resort Classification: Local and regional destination

Population: 3 hr - 3,000,000
6 hr - 6,000,000

Comfortable Capacity: 7,000

Annual Attendance: 350,000 (1986-87). N.B. Attendance fluctuates annually with snow fall.

Facilities:

Mountain: Vertical drop 2,400 ft. Nine chairlifts (6 double, 3 triple)

Base: Three restaurants, daylodge with two cafeterias, bar, etc. ski shop, ski school. Accommodation: 500 beds condominium style.

Ticket Price: US\$20.00

Competition:

Local: Alpentel, Ski Acres, Snoqualmie, Mt Baker, Stevens Pass, White Pass

Regional: Whistler, BC Okanagan, Mt Bachelor, Sun Valley, Big Mountain

Subjective Overview: Crystal Mountain is a large, primarily local ski resort. The facilities are well laid out and well managed. Crystal Mountain has been subject to severe restriction on base area development by the US Forest Service, which has prevented them from being a major player in the regional tourism markets.

Crystal Mountain suffers the vagaries of coastal weather. Snowfall, although generally a positive feature of the area, can be a problem some years.

The terrain, although very extensive, tends to be weighted on the intermediate and expert levels.

Marketing Activities: Crystal Mountain's marketing activities are primarily centered in Northwest Washington State where they are a formidable competitor. They are very active in the development of new skiers and the area serves as a base for many ski school operations.

Five Year Outlook: Development: Crystal Mountain is presently considering replacing existing chairlifts with high speed express lifts. Given successful operations, this could occur during the next five years.

Crystal Mountain is actively seeking permission to further develop the overnight accommodation facilities at the mountain base. They are optimistic that the US Forest Service is softening on this issue and they have a reasonable chance of developing more accommodation.

Business Levels: Crystal Mountain has all the business it can handle when weather and snow are favourable. The addition of high speed covered lifts could greatly enhance their ability to overcome the problems of weather. The combination of new lift and base area development should see continuing growth in attendance at Crystal Mountain.

Competitive Summary: Crystal Mountain will continue to be a major competitor for Whistler Mountain for both weekend and regional destination skier visits. It represents a competitive factor for any British Columbia area attempting a new initiative in the Greater Seattle Market.

Resort Name: Alpentel - Ski Acres - Snoqualmie

Location: 46 miles East of Seattle

Access: Highway I-90

Resort Classification: Local

Population: 1 1/2 hrs - 2,500,000+

Comfortable Capacity: 15,000

Annual Attendance:

Facilities:

Mountain: Vertical drop 2,200 ft. 19 chairlifts (3 triples, 16 doubles)

Base: Two restaurants, four cafeterias, two lounges, three beerstubes, one tavern
No on-mountain accommodation

Region: Limited condominium accommodation two miles from area. Motels 18 miles from area.

Ticket Price: US\$15.00 (weekends and holidays)

Competition: The Snoqualmie Pass ski resorts serve exclusively as local ski areas to the Greater Seattle market. They compete directly with other Seattle ski areas, such as Hyak (adjacent) and Crystal Mountain.

The Snoqualmie Summit ski areas could be considered complimentary to British Columbia's marketing efforts in the Greater Seattle area as they are the major source of entry level skiers.

Subjective Overview: The Snoqualmie Pass ski areas are relatively typical Coast Range (Cascades) day ski areas. They have amongst the best possible access with parking lots literally beside the four-lane Interstate highway. They are in very close proximity to a major urban centre and when the snow is good they have virtually all the business they can handle.

The areas are not known for state of the art operations. They operate a relatively eclectic collection of equipment which adequately services the task at hand. While they are not renowned for their standards of grooming, restaurant operations, lift operations etc. the areas are profitable and fulfill a major niche in the ski market.

Attendance varies sharply with the effects of weather. Because of the relatively low elevation and maritime location, the areas are subject to a fair amount of wet conditions.

Marketing Activities: A great deal of the Snoqualmie ski areas' marketing activities are done through the promotion of major ski schools, operated by other parties from the Greater Seattle area. Upwards of 15+ ski schools may be operating on a given day on the facilities. This results in large numbers of beginning skiers and schoolchildren on weekends and holidays.

Five Year Outlook: Development: It appears that the Snoqualmie Summit Ski Areas will continue to expand within physical constraints to meet market demand. It is unlikely that they will be attracted to such high-tech equipment as express lifts.

Business Levels: The Snoqualmie Summit Ski Areas will continue to thrive, with seasonal fluctuations caused by climactic factors.

Competitive Summary: As stated above, the Snoqualmie Summit Ski Areas are purely local Seattle ski areas and cannot be considered competition to any British Columbia resorts.

ALBERTA SKI RESORTS

Resort Name: Lake Louise

Location: Lake Louise, Alberta

Access: Highway 1 (Trans Canada) 34 miles west of Banff. Airport - Calgary International 115 miles on Hwy 1. VIA Rail station, Lake Louise

Resort Classification: International destination

Population: 1 hr - 15,000
2 hr - 600,000

Comfortable Capacity: 6,000

Annual Attendance: 300,000 - 350,000

Facilities:

Mountain: Six chairlifts (2 triple, 4 double), 3 T-bars, one Poma. Extensive snowmaking.

Base: Three cafeterias, one restaurant, one licensed lounge. No accommodation is available on the mountain.

Region: The Village of Lake Louise includes six hotels offering in excess of 800 rooms. It also includes restaurants, bars and shops. The total Banff-Lake Louise region offers all facilities expected in a major international destination resort, including some 12,000 beds, a very extensive selection of restaurants, bars and discotheques, and extremely sophisticated shopping.

Two of Canada's most famous hotels are located in the region, The Banff Springs Hotel and Chateau Lake Louise, both currently undergoing major renovations and expansion.

Ticket Price: \$26.00 (Canadian)

Competition:

British Columbia: Weekend market - BC Rockies. Regional tourism BC Rockies, Kootenays and Okanagan. International destination - Whistler Mountain.

Competition continued

Other: As an international destination ski resort, Banff actively competes with all similar resorts in North America. It also competes directly with European resorts in the Eastern Canadian/US markets, as well as Japan.

Subjective Overview: Lake Louise offers a vast resort with a wide selection of terrain for all types of skiers. Its vertical drop of 3,250 ft offers some of the most challenging skiing in Western Canada, as well as very long intermediate and beginner runs. Its spectacular setting in the Canadian Rockies is unparalleled.

The quality of facilities at Lake Louise has been steadily improving over the past decade, both on the mountain and in the Village of Lake Louise. With major hotel expansions taking place at this time, the resort facilities offered in the immediate area will overcome their major shortcomings.

An extensive snowmaking system covering 75% of the major west facing slopes has eliminated Lake Louise's reputation for marginal snow conditions. They are now competitive both early and late in the season.

In conjunction with nearby Sunshine Village and the large accommodation industry in the Banff-Lake Louise region, Lake Louise ski area is part of Canada's most successful and well-known destination ski resort. The flagship property, The Banff Springs Hotel, has achieved world-wide recognition and serves as great a drawing card as the skiing itself.

The Calgary International Airport is relatively well-situated for air access from both the Western United States, mid-West U S and Eastern Canada. It is served by a large number of carriers offering direct flights to most significant markets outlined above.

Marketing Activities: The Lake Louise ski area competes with other local resorts in the Calgary and Edmonton markets. A very extensive joint marketing campaign is conducted by BANFF CLUB SKI as a combination ski school, marketing arm and in-bound tour operator for the Banff-Lake Louise region. Over the last fifteen years the co-operative efforts of the ski resorts, accommodation industry, transportation companies etc. have produced high recognition for Banff in the destination ski resort business.

Banff-Lake Louise is sold by a wide variety of tour operators, operating across North America, in the Orient and in Europe. Their relationship with the travel industry is probably the strongest in Canada and on a par with major successful American destinations. This travel industry support is fundamental to Banff's success as a destination ski resort.

The Alberta Government's tourism arm, Travel Alberta, has historically offered significant support for the promotion of skiing in the Canadian Rockies. This is an advantage Alberta shares with British Columbia over most of the competing American destinations.

Of special note must be the success of Banff-Lake Louise as the premier overseas destination in the world for Japanese skiers. This position has been created by major and constant promotional efforts in Japan by the government of Alberta, Banff Springs Hotel and CP Air (Canadian Airlines International). Two very significant factors in the success are the spectacular scenery of the Canadian Rockies and the fame in Japan of the Banff Springs Hotel.

Five Year Outlook: Development: The owners and management of Lake Louise Ski Area have, during the past 15 years, been very aggressive in developing new facilities as market and cash flows warranted. The last five years have seen the addition of a major

triple chairlift servicing excellent expert terrain, and one of the largest snowmaking systems found in Canada. Lake Louise has ordered a quad express lift to overcome access and capacity problems on the west face of the mountain although, due to pending approvals, it will not be installed in 1987.

One can assume that the Lake Louise Ski Area will continue to develop to meet demand available from both Alberta and international tourism.

Business Levels: Lake Louise Ski Area will continue to be a very successful competitor. Business levels can be expected to grow steadily over the next five years. This should be considerably enhanced by the continuing growth of the accommodation sector in the Banff-Lake Louise region (1,000 new rooms in 1987).

Competitive Summary: The eventual installation of high speed express lifts will make this resort a more formidable competitor for BC resorts in the future. The original market niche for resorts of the BC Rockies and Okanagan competing with Banff-Lake Louise may well have been the overcrowding at the latter. Lake Louise's on-going development program has significantly increased the quality of product during the past decade, and can be expected to continue to do so.

Resort Name: Sunshine Village

Location: Banff, Alberta

Access: 11 miles west of Banff in Trans Canada Highway and secondary access road. Airport - Calgary International; VIA Rail - Banff Stn

Resort Classification: International Destination

Population: 1 hr - 15,000
2 hr - 600,000

Comfortable Capacity: 5,000

Annual Attendance: 445,000 (1986-87)

Facilities:

Mountain: One gondola, 6 chairlifts (1 triple, 5 double) 3 T-bars. Vertical drop - 3,500 ft.

Base: 90-room full service hotel, five restaurants, three bars, deli, ski shop, ski school

Region: Sunshine Village is located 16 km from the town of Banff which offers the broadest range of facilities of any destination ski resort in Canada or the Pacific Northwest USA. (See Lake Louise Ski Area)

Ticket Price: \$26.00

Competition:

British Columbia: BC Rockies, Kootenays, Okanagan, Whistler

Subjective Overview: Sunshine Village's alpine setting in the Canadian Rockies is equally beautiful as that of the Lake Louise Ski Area. With snowfall amongst the most reliable in North America, Sunshine Village has long been famous for its both early and late season conditions. The resort is very complimentary to Lake Louise as they each offer a different nature of ski experience. Sunshine's runs are considerably shorter than Lake Louise's, however, the terrain is quite interesting and much of it is on beautiful, wide open alpine slopes. Its appeal is not as great to the expert skier but it is a most satisfactory ski experience for the broad range of the intermediate market.

Sunshine Village has a unique atmosphere with no cars at the base area, but rather gondola access from the valley. This, coupled with the very attractive hotel development and ancillary buildings, creates a warm village feeling.

Marketing Activities: Sunshine Village has, during the past six years, been engaged in an intensive battle for market share in Calgary with Lake Louise Ski Area. At the same time, however, they have cooperated in the operation of Banff Club Ski and the Banff-Lake Louise Chamber of Commerce working with tour operators and hotels to continue the development of Banff as an international destination.

Five Year Outlook: Development: Parks Canada has recently conducted public information sessions as part of the approval process for a major extension of Sunshine's facilities. These proposed facilities include an additional 250 room hotel and changes to the resorts boundaries which will allow a quad express lift from new parking facilities into the Village.

The resort has in place approval from Parks Canada for the addition of four major lifts, which could increase the area's comfortable capacity by up to 50%.

If Sunshine Village achieves Parks Canada approval for the proposed facilities, the next five years may see major expansion.

Business Levels: During the past seven years, attendance figures have ranged between 380,000 and 450,000 skiers at Sunshine. Until new access and ski lifts are constructed, it is unlikely that the area will see growth in attendance. It is operating at an extremely high utilization rate, creating a perception of overcrowding on a substantial number of operating days per season.

Competitive Summary: Sunshine Village, in conjunction with Lake Louise and the Banff-Lake Louise resort region, will continue to be a formidable competitor for both international and regional destination ski tourism overall. One can expect the ski resorts to keep pace with rapid facility development in Banff-Lake Louise, resulting in major additional capacity over the next five years.

Resort Name: Nakiska

Location: Kananaskis Country Provincial Park
50 miles west of Calgary, Alberta

Access: Trans Canada Highway and Kananaskis Highway

Resort Classification: Local - Regional Destination

Population: 1 hr - 600,000

Comfortable Capacity: 3,000

Annual Attendance: 80,000

Facilities:

Mountain: 3 chairlifts (1 quad express, 2 triples)

Base: Two on-mountain restaurants, bar, ski shop, ski school.

Three new hotels have recently been constructed in an area one mile from Nakiska. Two of these hotels will be operated by CP Hotels and one independently. They will offer total accommodation for approximately 600 persons.

Ticket Price: \$18.00

Competition:

British Columbia: BC Rockies

Alberta: Fortress Mountain, Lyon Mountain, Mt. Norquay
Sunshine Village, Lake Louise

Subjective Overview: Nakiska will be the host ski resort to the 1988 Calgary Winter Olympics. To this end, the government of Alberta has invested in excess of \$30 million in this completely new facility. Its lift system includes a major quad express lift, and the mountain has a large computerized snowmaking system. Without this system, operation of a ski resort at this site would be impossible as there is inadequate natural snowfall. During its inaugural year, 1986-87, the area was plagued with start-up problems in the snowmaking system and with extremely warm conditions. It resulted in a very poor season, with exceptionally bad press both in Alberta and across North America.

In a better year, with colder weather and more experience operating the snowmaking system, Nakiska has the ability to provide a reasonable ski product. The terrain offered is generally quite good plus decent snow conditions may make the area competitive.

Marketing Activities: During its start up year, the marketing activities at Nakiska were modest. Using a "personality" known in Calgary, their primary strategy appeared to rely on media coverage of the new Olympic area. This worked against them when the press reaction was hostile, due to disappointment and a feeling of being misled.

With the opening of the new C.P. Hotel in Kananaskis in 1987, the promotion of skiing at Nakiska will broaden, although aimed primarily at Calgary and Edmonton.

Five Year Outlook: Development: An additional quad express is being constructed during the 1987 summer season. This is primarily to answer the difficulties of transporting spectators during the upcoming Winter Olympics. It will also overcome a perceived shortcoming in providing access to the mid mountain, daylodge and the upper triple chairlift.

It is unlikely that further mountain development will occur at Nakiska during the next five years.

Business Levels: The five-year scenario for business levels at Nakiska will depend completely upon the resort's ability to provide adequate snow conditions for the rather selective Calgary market. On the assumption that they are able to do this, the resort may be able to achieve attendance figures in the order of 200,000 per annum in the next five years.

Competitive Summary: With major caveat expressed above regarding snowfall, Nakiska may be competitive in the Calgary market with such resorts as Kimberley, Panorama, and Fairmont Hot Springs. The product may be perceived by Calgary skiers as similar to those resorts, but much closer to home. The successful operation of Nakiska will offer an element of additional competition to the B.C. Rockies.

Resort Name: Marmot Basin

Location: Jasper, Alberta

Access: 16 miles from Jasper via good highway and secondary access road

Resort Classification: Regional destination

Population: 1 hr - 20,000
6 hr - 750,000

Comfortable Capacity: 3,000

Annual Attendance: 150,000+

Facilities:

Mountain: Vertical drop 2,300 ft. 4 chairlifts (1 triple, 3 doubles) 2 T-bars

Base: 2 daylodges, 3 restaurants

Region: The town of Jasper is a major year-round resort facility offering accommodation for approximately 1,500 people, a variety of restaurants, bars, discotheques, and shopping.

Ticket Price: \$22.00

Competition:

British Columbia: BC Rockies, Okanagan, Northern BC

Subjective Overview: Marmot Basin is a very pleasant, mid-sized ski resort with a variety of terrain for all ability levels. It has a beautiful setting in the Canadian Rockies.

Marmot Basin suffers from isolation from major population centres. As there is no substantial population available for single day trips, most skiers at Marmot Basin rely on accommodation in the town of Jasper. This has historically provided a constraint to growth at Marmot Basin as accommodation has not kept up with the growth potential of the ski resort itself.

Marketing Activities: Marmot Basin's major activities can be considered to be maintenance of existing markets in Edmonton and on the Canadian Prairies, ranging from Winnipeg west.

Five Year Outlook: Development: As outlined above, development of Marmot Basin would be tied directly to the available bed base in the town of Jasper. There is, at this time, no indication that this will grow significantly in the next five years.

Business Levels: Marmot Basin can be expected to maintain its present levels of attendance over the next five years. Attendance could easily grow if, and when, new accommodation becomes available in Jasper. The resort is handicapped by being one ski area on its own, competing with the very major Banff-Lake Louise complex.

Competitive Summary: Marmot Basin will continue to be a good competitor for regional tourism in the Edmonton and Northern Alberta markets, with the British Columbia areas outlined above.

ELEMENTS OF COMPETITIVE SUCCESS

The ski resorts that can be considered competitive successes in the Pacific Northwest U.S.A. and Western Canada markets have several common elements. They, of course, are of varying importance at different locations. They include:

1. Access to target markets
2. Reliability of weather and climate
3. Product quality
4. Quality of surrounding communities
5. Identifiable niche in marketplace
6. Local business community support
7. Travel Trade support
8. Tradition of success

The following highlights examples of the above:

Access to Target Markets

Without question, access to any enterprise's principal markets will be a major determining factor of success or failure. Local areas depend upon the availability of substantial population within an easy one day experience. Regional destinations require adequate markets within a one day drive, and destination resorts access to major airport facilities with a broad base of competitive service.

Successful examples studied are:

Local	Crystal Mountain
Regional Destination	The Big Mountain
	Mt Bachelor
Destination	Banff-Lake Louise

Reliability of Climate and Weather

Adequate snow cover and acceptable temperature ranges on an ongoing basis will be important in creating a positive market image for any resort. While snowmaking can partially overcome inherent deficiencies, a principal part of a resort's image will revolve around snow quality, temperature, visibility and dryness. A serious lack in any one or two aspects may well override many positive aspects of a given resort.

Resorts that have been able to capitalize on consistent snow and weather would include:

1. Mt Bachelor
2. Sunshine Village
3. Jackson Hole

Product Quality

Consumers who plan vacations around skiing can generally be categorized as upscale, relatively sophisticated, and well-informed. They are conscious of relative product quality and related value, and these factors weigh heavily in the choice of a destination. Examples of resorts that offer a high quality of experience in their base area and mountain experiences are:

1. The Big Mountain
2. Sun Valley
3. Mt Bachelor

Quality of Local Communities

The development of British Columbia's resorts has centered largely upon the development of 'on mountain' bed and facility

bases. In the case of many of our successful competitors, this option was not available, as a much closer dependancy developed between the resorts and surrounding communities.

In many cases, this has created a stronger economic base, as business can more easily be generated on a year-round basis. Resorts that successfully mesh with quality surrounding communities are:

1. The Big Mountain
2. Schweitzer Basin
3. Mt Bachelor
4. Banff-Lake Louise

Identifiable Niche in Marketplace

In cases where a resort is not either an only or obvious choice to the travelling skier, individual product strengths must be developed to set the resort apart from its competition. These may include type of skiing (intermediate, expert, powder etc.), cultural (old West, American bars, hospitality), quality facilities (lifts, bars, restaurants, accommodation), family appeal or pricing.

Resorts that present a distinct and strong market image include:

1. Sun Valley
2. The Big Mountain

Local Business Community Support

Ski resorts have finite marketing budgets, and are often faced with vast and disparate areas in which to promote and disseminate information. Those which have major partners within their

surrounding business communities will enjoy significant advantages. They include:

1. Banff-Lake Louise
2. Mt Bachelor
3. The Big Mountain

Travel Trade Support

The successful development of markets beyond a convenient one day drive should be considered impossible without the active involvement and support of the travel trade. The ability of the travel trade to market a resort will be dependant upon other elements discussed in this section, such as access, product, weather, etc.

Resorts that have developed very strong travel trade support are:

1. Sun Valley
2. Banff-Lake Louise
3. The Big Mountain

Tradition of Success

There are isolated examples of resorts that have some serious shortcomings, such as inaccessibility or inconsistent snow, and yet remain as successful destinations. Usually this is because the product was very well established in the marketplace before serious competition developed, and the resort's reputation, product and consumer loyalty continue to carry it. Examples are:

1. Sun Valley
2. The Big Mountain